Daily Report

Latin America

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SICA Officially Replaces ODECA

PA0106195394 Panama City ACAN in Spanish 0131 GMT 1 Jun 94

[Text] San Salvador, 31 May (ACAN-EFE)—The Central American Integration System (SICA) will legally replace the Organization of Central America States (ODECA) after the "Succession Act" is signed by the nations in the area, represented by their ambassadors, in San Salvador today. According to official reports, the Central American ambassadors have taken the last legal step to allow the transfer of ODECA assets, rights, and holdings to SICA.

ODECA was created on 12 December 1962, according to a presidential agreement called the "San Salvador Charter." SICA was established, according to the 13 December 1991 "Tegucigalpa Protocol," to coordinate regional integration actions and institutions determined by heads of state in the region.

A SICA communique explains that according to a resolution issued at the 13th Central American summit, held in Panama on 11 December 1992, the institution had to begin operations, based in San Salvador, on 1 February 1993, and later settle its legal position, which it is doing today. "SICA asserts itself as a far-reaching, modern, humanist organization which has already yielded results by guaranteeing the coordination of the integration process in the fields of the economic, social, cultural, and political development of the isthmus," the communique states.

Uruguay Rejects Chilean Access to Mercosur Without Joining

PY0206004094 Madrid EFE in Spanish 0204 GMT 1 Jun 94

[Text] Montevideo, 31 May (EFE)—Uruguay will challenge Chile's partial entry into the Common Market of the South (Mercosur) or access through a free trade zone, and will only accept it as a full-fledged member, diplomatic sources linked to the negotiations stressed in Montevideo today. Chile is the only South American country that has its way paved toward joining Mercosur, as it is not a member of any other system.

An exception clause for Chile's future entry into the common market formed by Argentina, Brazil, Paraguay, and Uruguay was specifically included in the Asuncion Treaty of 26 March 1991.

Other countries do not have this possibility as the Asuncion Treaty bans the entry of those countries that have joined other agreements such as the Andean Pact, of which Chile is not a member. So far, this clause has prevented the entry of Bolivia, the first country to be interested in joining the Southern Cone's economic system.

Chilean Foreign Minister Carlos Figueroa announced that in June, his country would formalize a proposal to join Mercosur by establishing a free trade zone.

The Uruguayan negotiators' reaction did not take long, and they expressed that any country that wants to join Mercosur would have to meet all requirements, including the implementation of a common external tariff.

The Uruguayan stance seems to challenge the interests of Argentina and Brazil, Mercosur's main partners. Following the interest expressed by President Frei's new administration, Argentina and Brazil are promoting a partial association with Chile.

The Uruguayan officials admitted that the Mercosur partners have not yet discussed the Chilean proposal. The Uruguayan Government has therefore not yet had an opportunity to express its official opinion.

Experts, however, have noted: "A country that does not pay the cost of a common external tariff cannot enjoy the same benefits in exporting to markets in Brazil and Argentina."

In a commentary for a newspaper that specializes in economic issues, another Uruguayan official said: "We Uruguayans do not want to lock ourselves into a stubborn stance, nor replace imports with local products, but if we do not respect legal frameworks we would be drawing up agreements like custom-made clothes."

According to the newspaper EL OBSERVADOR ECONOMICO, for Uruguay, "any integration must take place within the legal framework that we are handling. In this regard, the Asuncion Treaty applies. Any country that wants to join in will have to abide by the entire treaty and not by part of it alone."

Bolivian Minister Favors Latin American Free Trade Zone

AU0106164894 Duesseldorf HANDELSBLATT in German 31 May 94 p 10

["jtr"-signed report: "Striving for Latin American Integration"]

[Text] Bonn, 30 May—Bolivia's government wants to work toward making Latin America one, single, free trade zone in the medium-term. This association should then be integrated into the North American Free Trade Agreement (NAFTA), Bolivia's Trade and Industry Minister Carlos Morales said in Bonn.

"We want to make use of our Andes Group presidency this year to get on with Latin American economic integration," Morales said. That is why at the next Andes Group summit (including Bolivia, Ecuador, Colombia, and Venezuela) in September, the presidents of the Mercosur [Common Market of the South] countries, Brazil, Argentina, Paraguay, and Uruguay will also be invited.

The heads of state are planning a joint preparation of the all-American conference in Miami in December, which will be attended by government representatives from Canada, the United States, and Central and South America. Political and economic cooperation as well as the fight against drug dealing will be on the agenda.

Prior to that, on the occasion of the soccer World Cup opening match between Germany and Bolivia in Chicago, Bolivian President Sanchez de Lozada wants to discuss Latin America's future relations with the United States and the European Union [EU] with Chancellor Kohl and President Clinton.

For Morales, Latin America's integration within NAFTA is a long-term objective; "before that, we Latin Americans will have to do our homework." This means that each country has to stabilize and open up its economy. Therefore, since 1986, his country has gradually lowered its customs duties to 5 percent for capital goods and 10 percent for consumer goods. It is also important that the Mercosur countries quickly agree on common external duties. The line of conflict runs between Argentina and Brazil advocating comparatively high import duties on the one hand, and Paraguay, calling for a much lower import duty on the other.

Once Mercosur and the Andes Pact have stabilized, they are to be merged step by step, Morales said. "The Latin American free trade zone has to come into existence within the next 10 years, otherwise we will be helplessly facing a world of integrated blocs." The minister is convinced that the U.S. Administration prefers talking to a unified region to talking to individual countries. An exception to that is economically successful Chile, the next candidate to be accepted into NAFTA, Morales said.

Cuba

Asylum Seekers Threaten To Set Themselves on Fire

PA0106154694 Paris AFP in Spanish 1402 GMT 1 Jun 94

[By Antonio Raluy]

[Text] Havana, 1 Jun (AFP)—The more than 100 Cuban asylum seekers at the residence of the Belgian ambassador in Havana announced they rejected any contact with Cuban authorities and preferred "to set themselves on fire" at the diplomatic mission than renounce their objective of leaving the country. "Our well thought out decision is to set ourselves on fire here," the group of approximately 120 of asylum seekers stated. These persons, who made their way into the ambassador's residence on Saturday, made that statement in one of the four handwritten documents they managed to smuggle out of the diplomatic mission and deliver to the foreign media despite police surveillance. "It is better for us to die than to fall into their hands (...) We have nothing left to lose... Our country is a true hell on Earth," one of the documents affirmed.

When asked by the news media, Cuban official sources said they were not aware of the statements and reiterated that "entering an embassy is not the legal way to leave the country. Those who are at the Belgian Embassy must leave the building peacefully. Cuba is reiterating the guarantees given to Belgium that it will not take reprisals, and besides Cuba takes pride that it has not taken reprisals in previous cases."

Dated 29 May, or a day after the group entered the residence of Belgian Ambassador Paul Veirmeirsch, two statements are addressed to Pope John Paul II, the ambassadors stationed in Cuba, and human rights organizations. A third one is addressed to leaders of the Cuban exile community in the United States, Jorge Mas Canosa, head of the Cuban-American National Foundation, and U.S. Representatives from Florida Ileana Ros-Lehtinen and Lincoln Diaz-Balabart.

"We are not in a condition to begin talks or reach any agreement" with the Cuban authorities, one of the statements indicated. It added that the takeover of the residence "was a necessary demonstration of the desperate situation of Cubans, whose only options are to live indefinitely in chaos and poverty or risk their lives on rafts."

The second statement stressed the asylum seekers' determination. They describe themselves as peaceful opponents of the regime and human right defenders, of "staying here as long as it takes until our departure from Cuba with full guarantees is resolved by the Cuban Government in mutual accord with the government of any other country."

The most recent statement, dated Tuesday, reported to the foreign media the deterioration of the situation inside the diplomatic residence owing "to the constants acts of provocations" by the security forces. Among the complaints of "acts of provocations," the document mentioned Sunday's entrance into the residence "in a manner without explanation given the strong surveillance of the place," of our individuals, one of whom left on Monday. It also cited "threats" and demonstrations of force during the night in the area around the diplomatic mission that seek to "frighten the women and cause further trauma to the children."

This latest document noted that the asylum seekers created on 30 May an organization called Union of Cubans for Liberty [Union de Cubanos por la Libertad], headed by one of the asylum seekers, Sergio Aguilar Cruz.

Meanwhile, one of the statements indicated there are 124 asylum seekers in the embassy (68 men, 32 women, and 24 children). Others put that figure at 119. Until now, the Belgian authorities have reported that 114 persons, including 24 children, entered the residence on Saturday.

Robaina Describes UN as 'Intervention Tool'

FL0106221294 Havana Radio Rebelde Network in Spanish 1700 GMT 1 Jun 94

[Text] A call for an immediate cessation of hostilities and for preservation of the national unity of Yemen are among the most significant issues contained in the draft resolution of the 11th Ministerial Summit of the Non-aligned Movement. On 31 May, experts began to work on the resolution, which will be presented for final approval on 3 June.

Meanwhile, the heads of the delegations are meeting behind closed doors in what the organizers are calling a brainstorm, which will last into the night. In the morning, Robaina is expected to give an address on the democratization of international relations. Since the beginning of the summit, numerous delegations have defended the need for radical transformation of the UN Security Council and increased openness in its proceedings+.

In an address before the plenum on 31 May, Robaina issued a call to thwart efforts to turn the United Nations into an intervention tool against underdeveloped nations. Robaina has also conducted an intensive exchange of opinions with foreign ministers from diverse countries. Robaina will meet today with representatives from Kenya, Belize, South Africa, Palestine, Algeria, and Qatar.

Cites NAM's 'Number One Priority'

PA0206043794 Havana Radio Havana Cuba in Spanish 0000 GMT 1 Jun 94

[From the "Evening Information Review" newscast]

[Text] Cuban Foreign Minister Roberto Robaina told the ministerial conference of the Nonaligned Movement [NAM] that the movement's number one priority is the promotion of the Third World countries' economic and social development.

During the opening of the conference, which is taking place in Cairo, Egypt, Robaina said that for Cuba, the best guarantee for a firm and lasting peace is the absence of hunger. Robaina said this is how the human rights of all the inhabitants of the earth will be respected. The Cuban foreign minister said the world's current situation can best be summarized by an affluent North and an impoverished South, and if the nonaligned countries crossed their arms, one third of humanity would disappear.

In addition to his participation at the nonaligned conference, the Cuban foreign minister met with representatives of Libya, the PRC, Cyprus, Panama, Colombia, Italy, and Ecuador, with whom he reviewed the need to find a common language to achieve specific results.

Investment Minister Heads SELA Delegation to Mexico

FL0206015794 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 2 Jun 94

[Text] On 1 June in Mexico, Cuban Foreign Investment Minister Ernesto Melendez stressed the need to revalue the Latin America Economic System [SELA] and adapt it to the new international situation. Melendez heads the Cuban delegation to the 20th SELA Ministerial Council.

The three-day meeting will focus on regional integration and SELA's role in the 21st century. SELA will also discuss the negative effect for Latin American economies of the increase of bank interest rates implemented by Washington. Each added interest point immediately results in a significant increase in the already bulky foreign debt of South American countries.

Debt Payment to Mexico Via Swaps Detailed

94CA0112A Mexico City PROCESO in Spanish No 910, 11 Apr 94 pp 55-59

[Article by Homero Campa]

[Excerpt] [passage omitted] **Mexican Swaps**

The plan for paying off the Cuban debt through investments began with the Tuxpan Hotel in Varadero. This four-star hotel, operated by the German firm LTI, is a highly successful venture. Its average occupancy is 92.2 percent during peak season. It has 233 rooms with ocean views right on the beach. It also has atmosphere: Tourists are greeted by a stone Aztec calendar as they walk into the lobby, which is decorated with borders and figurines made out of precious woods, reproductions of archeological pieces. Its discotheque, "La Bamba," is famous because, in the interest of "providing atmosphere," it does not prevent local Cubans from gaining admittance. Bufete Industrial designed this hotel in the Mexican style of architecture, but all of the construction was done by Cubans. As with other hotels, the government offered 50 percent of the shares for sale. In May 1992, the DSC group of Guadalajara, led at that time by Jose Giral (former director of the Xabre group), bought the stock. Indecision about how the purchase would be carried out resulted in delays, however. In 1993, it was agreed that it would be done by means of swaps. The amount of the investment was $15 million.

The second project was the El Mariel cement plant, located in the port of the same name, 20 kilometers from Havana. It is the largest of the six cement factories on the island. After the demise of the Soviet Union and the European Socialist bloc, they were left without raw materials, and no one had the money to buy them. According to a study by Donna Rich and Michel Kaplowitz of Johns Hopkins University, these plants have the potential to produce 5,500 tons of cement a year.

Lorenzo Zambrano, the majority shareholder in Cemex, came to the rescue. He formed a joint venture with the Cuban Cement Union for a total investment of $80 million. Cuba provided half of that amount in the form of the facilities; $20 million took the form of swaps, and $20 million was in fresh money from the Mexican Foreign Trade Bank. Cemex is marketing the cement on the international market.

The third project, in the petroleum sector, was announced by Mexico's ambassador to Cuba, Carlos Tello Macias, in a sidewalk interview at the end of a ceremony in Cuba commemorating the birthday of Benito Juarez last 21 March.

"I do not know the technical details," said the ambassador, "but I understand that Mexpetrol and a Cuban company will work together to rehabilitate and expand the refinery in Cienfuegos. They will process Mexican crude oil and other products there."

The Cienfuegos refinery, located in the southern part of the island, has the capacity to process 3 million tons of crude a year, according to data supplied by the Cupet company of Cuba. At present it is partially shut down because Cuba does not have any petroleum or any money to buy it. Moreover, the plant was built with Soviet technology and needs renovation.

According to sources close to the negotiations, Mexpetrol (of which Pemex is the majority shareholder) and Cupet of Cuba signed a "letter of intent" and will sign the agreement in two months. The investment amounts to $200 million, $100 million from Cupec in the form of the facilities, and $100 million from the Mexican side, as follows: $50 million in swaps, with stock in the refinery itself, and $50 million in fresh money.

Although Mexpetrol is heading up the negotiations for the Mexican side, the Mexican Petroleum Institute (which will provide the scientific studies) and the private

construction firms ICA and Protexa are also involved. Bancomext will provide the credit.

This new Cuban-Mexican firm will pay for the credit in cash, but there is also the possibility that it may make some payments in refined Mexican crude.

Cienfuegos has one advantage in refining petrochemicals and by-products: It is directly connected to a supertanker base in the port of Matanzas, in the western part of the island, by a 187-kilometer pipeline.

IUSA vs. Telmex

These three investments mark the beginning of Mexico's swaps in Cuba. Other Mexicans are apparently looking for similar opportunities.

In the case of IUSA, owned by Alejo Peralta, his son Carlos Peralta offered the Cuban Government an investment project to modernize the island's telephone system. The current system is in a state of deterioration, and has 1950's-era technology. His idea was to bring in satellite communication systems for international and local calling.

As a prelude, he donated to Castro's government two rural phone systems valued at $300,000 each. They are now in use in the Provinces of Pinar del Rio and Havana to link up various agricultural camps.

The younger Peralta's representative in Cuba was Manuel Cerrillo, who negotiated an investment project amounting to more than $1 billion, 25 percent in swaps. The deal involved paying approximately $200 million, equivalent to two-thirds of Cuba's current debt to Mexico. Thus, it was the biggest investment project between the two countries. A "protocol agreement" was even signed.

Suddenly, to the Cubans' surprise, Carlos Peralta said nevermind. He argued that his envoy, Cerrillo, had gone beyond the authorized limitations in the negotiations and had signed on to terms that Peralta had not agreed to. Havana officials were surprised and irritated. It was revealed, however, that the investment is not a lost cause, and there is hope that an agreement can be reached.

In response, Carlos Slim, majority shareholder in Telmex, stepped into the fray. He also submitted a proposal to modernize the Cuban telephone system, and during the first week in March he came to Havana to negotiate a deal.

Slim and Peralta are not the only ones vying to win this contract from the Cuban Government. Several Spanish and English firms and a Canadian one are also hoping for a nod from Castro's government. Castro has formed a special group to study the proposals.

For the time being, only two other Mexican businessmen have made direct investments on the island: Luis Nino de Rivera, in a cellular telephone system that he has operated in Havana and Varadero for two years; and Monterrey businessmen Mauricio Fernandez and Danny Tafich, who made a joint investment with the Castro regime to breathe life into 15 Cuban textile plants that had been practically idled for lack of capital and inputs.

Other companies have announced investment projects, but nothing has come to pass yet. One example is Infra, which belongs to Vicente Gutierrez Camposeco, former president of the National Association of Manufacturers (Canacintra), and which tried to set up a plant to produce solder. Another is Bancomer, which talked about introducing credit cards to Cuba and offering other banking services. Other examples are the Vitro group, which tried to build a plant to produce glass and plastic containers; and Bufete Industrial, which intended to participate in the construction of the Villa Cuba Hotel in Varadero.

Mexico: Most Favored Nation

"Mexico is the most favored nation," stated Ernesto Melendez, president of the State Committee for Economic Cooperation (CECE), last year during a meeting with businessmen in London. "But," he added, "the investment is still at a low level, considering the two countries' potential."

So far, most Mexican businessmen have confined themselves to the commerce sector. Some 200 companies of various sizes and product lines are exporting everything from canned food to intermediate manufactured goods to Cuba. The volume is small, however. They do not account for as much as 5 percent of Cuba's imports. Trade between the two countries reached $125 million in 1992. This is such a tiny proportion of Mexico's exports that Cuba does not appear in its annual statistical reports on foreign trade.

"We must be more aggressive about participating in trade (with Cuba) so as not to be edged out by other countries," asserted Gutierrez Camposeco in October, when he was still president of Canacintra, in a lengthy interview with the Mexican business magazine EXPANSION.

But Mexican businessmen appear timid and slow to act. "Many national goods that are sold on the Cuban market are not brought in by Mexican firms, but by Spanish ones. In other words, the Spaniards are eating our lunch in Cuba, and with our own products," said Carlos Sanchez Lara, then Mexico's commercial attache in Cuba, in June of last year to a delegation of 15 businessmen who had come to the island to look into the possibilities for joint ventures.

"We cannot allow that to continue," he declared emphatically.

Furthermore, "Mexico is squandering investment and trade opportunities in Cuba because it is not up to date on that market, and it has failed to take into account the

very favorable objective conditions: geographic proximity, stable economic and political ties, common cultures, favorable market...."

In the Cuban business world, Mexicans have gained a reputation for "always saying yes, but not saying when."

Foreign Minister Roberto Robaina acknowledged in February that commercial relations with Mexico "are not as intensive as we would like. Mexico knows this," he stated, "and we regret it." He admitted that the economic ties are not commensurate with the political relations the two countries have maintained, and he expressed the hope that the situation would change as the Cuban economy opens up more and more to foreign capital.

On 21 March of this year, Ambassador Carlos Tello stated that commercial ties between the two countries "are growing, and I have been instructed to maintain them, strengthen them, and expand them."

As if to dispel any doubts, he added: "There will be fresh money, financing, and investment."

Commentary Views FAR Achievements in Special Period

94CA0112B Havana GRANMA in Spanish 23 Apr 94 p 3

[Commentary by Luis Baez Delgado]

[Text] No matter how hard they try, the computers of the CIA and the Pentagon cannot decipher the code that has prevented the Cuban Army from losing its combat readiness and succumbing to instability and even disintegration (as has happened in other parts of the world), despite the devastating blow it has suffered as its state funding has been slashed to unprecedented levels, for reasons known to all.

The imperialists know that without an army, there is no country, and they daydream of the fabulous possibilities. What they do not know is that long before the Special Period, the Revolutionary Armed Forces (FAR) began working, step by step, on a savings program. They began looking for alternative sources of energy, ways to make more rational and efficient use of resources, and other options for supplying the troops and feeding the population.

When other state institutions made plans to operate with 75 percent of their fuel allotments, the FAR planned on 50 percent. When the other institutions went to 50 percent, the FAR began preparing to maintain and even expand their operations at only 25 percent.

When there was talk of a possible zero option, the Army that inherited the legacy of heroism from our *mambises* [Cuban rebels during Spanish domination] and the combatants of the Rebel Army and the underground period did not cringe or panic. It had been preparing for this eventuality for years.

Today the results can be seen in Military Unit 1640 of the Eastern Army. Nothing has been left to chance; no one has rested on his laurels.

This is the only explanation for the fact that this military unit has continued to fulfill—even to exceed, in some aspects—its assigned tasks with just 19 percent of the fuel and 40 percent of the electricity it received in 1989. Reducing the two to their common denominator, this means it has saved 70 percent on energy. And these are not inflated figures; we went to the field and saw it with our own eyes.

The innovations include the use of solar heaters, translucent roof tiles, animals for hauling, and biogas; sugarcane husks and residue as sources of energy; emulsion and magnetism in training units and rear-guard services; bicycles in various activities; and wind energy and compressed air technology.

All of this has made it possible to maintain a high training capacity and combat readiness with the absolute minimum amount of fuel. This fact merits special mention because of what it means for the country's defense.

One of the many examples that back up this assertion can be found in what has come to be known as "Red Bat," a kind of radar adapted to the warlike conditions that the entire nation faces. It used to require 10 trucks and more than eight hours for deployment. Now, after having been remodeled, it requires only three trucks for transportation and it can be set up in just 30 minutes. Moreover, it is even more effective.

In addition, when a young sharpshooter demonstrated his excellent skills and was asked about the accessories he used, he explained that they are exclusively designed and manufactured in Cuba.

If the imperialists managed to capture those images with their satellites—and surely they must have because they spend every minute spying on us—they would be doing those in Miami who still clamor for an armed confrontation with the revolution a great favor by showing them those images.

The imperialists also do not know, and are incapable of imagining, how these Military Councils of the Revolutionary Armed Forces take place.

Suffice it to say that the nature of these councils was made clear when, at the end of the presentation by the unit commander, the first words of the minister of the FAR were: "Come on and ask some questions. The purpose of the councils is to spark debate."

The way the exchange took place and the topics that were discussed also revealed how this institution cuts to the heart of the matter and solves problems. The council lasted 13 hours, and eight of those hours were spent touring sites to observe the actual implementation of the savings program. An important part of the program is aimed at achieving self-sufficiency and feeding the population.

And when Commander of the Revolution Juan Almeida Bosque asked several questions to determine the reliability of the figures cited, various members of the audience (who were attending these meetings for the first time) commented, in typical Cuban style, how "they really take off the gloves and get down to brass tacks" in these councils.

During these stormy times of cynicism when some people are so materialistic and shortsighted that they have stopped believing in true values, in these times of collapsing societies, morally destroyed armies, shattered dreams, and forgotten martyrs, what Armed Forces could maintain their operations and even expand them with scarce resources unless they were forces of the people? What Armed Forces could continue to search constantly for formulas that allow them to improve the living conditions and diet of everyone, unless they were forces of the people?

What people, unless they were one and the same as the Armed Forces, could continue fighting with such tenacity to maintain the country's—their country's—defense capabilities, cognizant of the fact that the day we become incapable of defending ourselves will be the day we will be absorbed, in a second, by the eagle that has been coveting us for more than a century, but not without first staining the soil of the fatherland with the blood of millions of Cubans?

The Military Council was not the only extraordinary thing. Even more extraordinary was the realization that, in spite of all the difficulties, the defense of our children's lives and future was guaranteed. The most extraordinary thing has been seeing practical examples of all that we can do to maintain ourselves and to make progress, even during the Special Period.

The most extraordinary thing—not because we have been unaware of the courage of this incredibly extraordinary people, but because of the chance to bear witness to it once again—has been seeing even more compelling evidence of the conviction that victory lies only with us. Anyone who doubts that should go to Unit 1640.

Increased Military Education Plan Outlined

FL0106225194 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 1 Jun 94

[Text] On 31 May, the Ernesto Che Guevara Pioneer Center hosted the first patriotic-military-internationalist education meeting. The meeting served to demonstrate how this education is to be conducted at every level.

[Begin Brigadier General Nestor Lopez Cuba, director of the ideology department of the Revolutionary Armed Forces, recording] Almost every organization, in one way or another, conducts patriotic-military education. Yet, we believe there is still too little and we ought to increase and strengthen it. At this pioneers' center, we begin with the children, the youth, who we believe should be at the core of this educational effort. There is no doubt that although this educational program has gaps and problems, we are making a tremendous effort. We have conducted this seminar in all three of the Army's regions. We are already beginning to expand it to the provinces. Later on, it will reach the municipal level and eventually, each defense zone. [end recording]

The main goals of the patriotic-military education program are to promote the study of Cuban history; boost patriotic traditions and love for national emblems, heroes, and martyrs; and consolidate the ethical-political-ideological value system developed by the Revolution.

Soldiers Honored for Preventing 'Hijacking'

FL0106232294 Havana Radio Reloj Network in Spanish 1949 GMT 1 Jun 94

[Text] Revolutionary Armed Forces and Interior Ministry [Minint] distinguished service medals have been presented to a group of young soldiers who, on 27 May, prevented five individuals from hijacking a fishing boat and taking it to the Yankee base.

The medals were presented to Minint noncommissioned officers Misael Valentin Furnier, who is recovering from the gunshots received during the operation, and Norberto Duran, as well as civilian Arnel Lopez, captain of the hijacked boat. Ensign David Antonio Casamayer and soldiers Idilio Vargas, Jose Alexander y Sada, Rafael Montero, Giosvani Barrios, and Andres Solano, all members of the Border Guard troops, were also presented medals.

Juan Carlos Robinson, member of the Central Committee and first secretary of the Communist Party of Cuba in Guantanamo, stressed the bravery of the young soldiers and their attitude toward those who tried to violate Cuban law.

Sugar Ministry Adopts New Measures

FL0206020194 Havana Radio Rebelde Network in Spanish 2300 GMT 1 Jun 94

[Text] In order to eliminate subsidies, the Sugar Industry Ministry is relying on two main paths, production increase and cost reduction. This was announced by Ramon Aguila, chief of the Ministry's finance department. In order to attain this goal, a number of measures are being adopted. These include allocating higher amounts of fuel to those tasks directly tied to production, such as soil preparation, planting, and sugarcane irrigation. Likewise, the scarce resources available will be invested in those enterprises and Basic Cooperative Production Units where they will yield the most.

The Ministry has also adopted a new policy on investment in new projects. These will not be undertaken without a preliminary financial study.

Fire Damages Equipment at Santiago Oil Refinery

FL0106221494 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 24 Jun 94

[Text] The workers of Hermanos Diaz Oil Refinery are working at full speed to repair the damages caused by a fire at the refinery in Santiago de Cuba. The quick response of the workers prevented the fire from expanding to other areas. The fire took place at the catalytic converter plant.

[Begin Chief Engineer Ramon Rodriguez recording] The fire was caused by a leak in a soldering joint of the oxygen tower, which, once released, ignited and expanded because the tower continued to provide fuel for the fire. The fire spread to nearby equipment, particularly the sewers of the catalytic converter plant.

We believe this fire was not of large or medium magnitude, but of small magnitude. We expect to repair the damage in seven days, focusing on repairing the mechanical and electronic equipment of the butane processing chute. [end recording]

Chief Engineer Ramon Rodriguez affirmed that the damage caused by the fire is minimal because the workers are trained to handle such contingencies.

Matanzas PCC Reports on Self-Employment Violations

FL0106221394 Havana Radio Rebelde Network in Spanish 0900 GMT 1 Jun 94

[Text] The provincial plenum of the Communist Party of Cuba in Matanzas analyzed, as a special point on the agenda, the current situation in the province regarding implementation of the measures recently approved by the Council of State as well as Decree-Law 186, which regulates self-employment violations. Osvaldo Umpierrez, president of the Administration Council in the province, advised that there are currently 10,227 people self-employed, mostly as hairdressers, manicurists, and transport cart drivers.

Since February when Decree-Law 186 was approved, a contingent of 231 tax inspectors have imposed over 400 fines, of which more than half are against violators from other provinces. Also under review is the situation of over 500 automobiles that are not in the possession of their owners, 52 of which have been confiscated. Additionally, 1,300 motorcycles have been inventoried. Currently, in the province, 47 cases of money hoarding are being worked on, six of which are now being analyzed by the commission created for this purpose.

Pinar del Rio PCC Plenum Focuses on Economy

FL0206020894 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 2 Jun 94

[Text] Pinar del Rio Province has held a Communist Party of Cuba [PCC] plenum which, among other issues, focused on the region's economic prospects. A member of the PCC provincial committee presented a detailed analysis of the current situation and prospects for the province during the two-day plenum.

The plenum stressed the economic results of the first part of 1994, a period during which the province registered modest increases in mercantile production. This reflects the beginning of the recovery process and how much still needs to be done to meet the population's needs. The sugarcane harvest's goal was a 50-percent increase in 1994, and although more sugar was produced than in the previous harvest, and several mills are still grinding, this goal will not be reached. Slight increases were registered in potato, tomato, and egg production, as well as in the harvests of tobacco, pine resin, and self-sufficiency crops.

The plenum called for increased efforts to quickly reach the production level of previous years and insisted on the need for more efficiency in collection, especially in the farming sector. The fight against crime, and defense issues were also discussed.

Fidel Ramos Pereda, member of the Central Committee and first secretary of the PCC in Pinar del Rio Province, praised the frankness with which the issues were discussed, acknowledging the modest progress made and the awareness that it is not enough, and that the results rest on the efforts of every revolutionary.

Rizo Speaks at Camaguey Province PCC Plenum

FL0106162394 Havana Radio Progreso Network in Spanish 1100 GMT 1 Jun 94

[Text] Julian Rizo Alvarez, first secretary of the Communist Party of Cuba [PCC] in Camaguey Province, stressed during Camaguey's provincial PCC plenum that we are called to push forward in a political and ideological offensive, as well as embrace all other aspects related to the Revolution. Rizo, a Politburo member, went on to point out that the fact that we have remained steadfast, without weakening, clearly demonstrates that we have triumphed over an unprecedented ordeal. He added that now we are ready, and it is our duty, to begin a revolutionary offensive. Rizo summed up two days of work that had focused on the strategies of scientific development in the province. Politburo member Maria de los Angeles Garcia considered scientific development in the province to be in an advanced stage and in some ways unique in Cuba.

With the participation of the provincial PCC plenum members and a large number of guest researchers, the first session covered the principal scientific programs of production, economy, services, and society. To make this project crystallize, the people of Camaguey are working on the true integration of all aspects of the project, such as a feasibility study, by line of work, before commencing a determined investigation.

During the second day, the plenum was informed about the current sugarcane harvest ituation, which was seriously affected by rainfall. Over 1,100 mm of rain have fallen on the sugarcane fields, which is more than double the amount of rain received during the same period last year. The food deficit is critical and efforts are being made to solve this problem. The plenum also considered the analysis of the workers movement's progress report by the assemblies.

Havana Manufactured Gas Service Breaks Down

FL0106221594 Havana Radio Reloj Network in Spanish 1951 GMT 1 Jun 94

[Text] The Manufactured Gas Enterprise of Havana announces to the population that due to mechanical problems at the Evelio Rodriguez Curbelo plant, gas service to every municipality in Havana has been affected. The note adds that work is being done to reestablish this vital service in the next few hours, and apologies are extended to the population for the inconvenience this situation might cause.

Reporters Discuss Meaning of Economic Efficiency

FL0206010994

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1600 GMT on 1 June features the "Straight Talk" program with host Osvaldo Rodriguez and Luis Sexto, both of BOHEMIA magazine.

Rodriguez begins by stating that efficiency is not a hollow slogan and that the struggle to attain efficiency has barely begun. Sexto states that slogans are good for mobilizing the masses, but that "in the economy, slogans are harmful. The economy is not advanced by slogans because we run the risk of their becoming hollow. Slogans can be a mask behind which many people hide their lack of effort or efficiency."

Sexto stresses that efficiency is vital to all societies and to overcoming the dire situation Cuba is experiencing. He adds that development is the result of efficiency, and praises the Cuban Workers Federation's economic efficiency assemblies' goal to motivate every worker.

Rodriguez adds: "In order to make efficiency a viable, truly attainable goal, the concepts and mechanisms that direct our economy must change, the concepts and mechanism that today direct our economy." He states that it is important to embark on this path with firmness, "ensuring that in the future we will not regret having taken this path."

Sexto agrees, noting that the current assembly process seeks to tap the workers' "subjective reserves" to solve collective problems. Sexto also agrees that: "In order to attain efficiency in Cuba, certain changes in the economic organization must be made. I believe certain principles that have been followed for many years must be changed because one way or another, they have conditioned our widespread inefficiency. We must admit that Cuba has done tremendous work over the past 35 years, but I believe that work could have been even greater. I also believe that a certain widespread inefficiency has limited that work because the model and concepts used to direct our economy promoted inefficiency."

He goes on to say that only through autonomous management will the enterprises become efficient: "...although the word autonomy scares many people. These people are those who, today, we identify with the bureaucracy, and for whom autonomy represents a loss of power." Sexto and Rodriguez agree that it is difficult to pinpoint these people because they are people who are trying to defend the Revolution, but who go about it the wrong way.

Sexto again emphasizes the importance of autonomous management for achieving efficiency, citing Ranchuelo's Cigar Factory as an example. This factory produced the cigars, but did not market them. That was done by another enterprise, which owed 4 million pesos to the factory. The factory, therefore, had to seek bank loans to meet its payroll. The marketing enterprise had no incentive to quickly pay the factory.

Rodriguez focuses on the individual workers' role in attaining efficiency. Sexto notes that the worker's existence is fully independent from the result of his labor. "You well know that in Cuba, the egalitarian concepts that have tried to make all workers equal have also created a schism between the worker and his labor. Whether the lathe worker does good or bad work, his job is not affected. If the factory is unprofitable, his job is not affected. He continues to get the same salary. His life is not changed."

Sexto reiterates that a link must be established between performance, and salary or living conditions. Rodriguez agrees, noting the example of an enterprise in which a manager did not receive a salary for two months because of his inefficient performance. Sexto again stresses the importance of the link between performance and salary. Rodriguez closes by reiterating that efficiency is not a hollow issue.

Antigua

AIDS Program Developers Meet in Antigua

FL0206014894 Castries HTS Caribvision Television in EngLish 1945 GMT 1 Jun 94

[Text] Managers throughout the Caribbean charged with the responsibility of developing programs aimed at reducing the spread of the deadly AIDS [Acquired Immunodeficiency Syndrome] pandemic are meeting in Antigua this week. The purpose of the meeting is to formulate more effective ways of managing AIDS programs in the respective countries. The national AIDS program meeting got off to an official start yesterday. As

we hear in this dispatch from Debbie Francis, the meeting was declared open by Antigua's Health Minister Hilroy Humphreys.

[Begin recording] [Francis] Health Minister Hilroy Humphreys has underscored the need for continued educational programs about the killer disease, AIDS. He says there is still a large number of persons who need to be sensitized on how the HIV virus is transmitted. Mr. Humphreys also revealed the number of AIDS cases, which are reported up to the 15th of May:

[Humphreys] Enormous strides have been made in our knowledge of the infection. This knowledge seems not to be reaching the most vulnerable groups in our society. The rate of infection continues unabated. I understand that the most recent estimated rate of HIV is 5,000 per day. Here in Antigua, up to the 15th of May, we have 97 cases. I may be so presumptuous to multiply that by four because we are talking about husbands, we are talking about wives, we are talking about [words indistinct], we are talking about deputies—and the Caribbean people know what I am talking about. That is indeed very serious.

[Francis] AIDS program monitor (Felicity Aima) outlined the main purpose of the management course.

[(Aima)] The purpose of the course is to improve the management of national AIDS programs through a process of increasing knowledge and developing skills necessary for management of national AIDS programs. It is designed for policy and decision makers concerned or associated with education and planning, health education, prevention and health care, and persons with primary responsibility for coordinating and implementing national AIDS programs.

[Francis] Meanwhile, a representative of the Global Program on AIDS in Geneva also spoke after the function.

[Geneva representative] The Global Program on AIDS has three major tasks: Its task is to reduce HIV transmission; try to reduce the personal and social impact of HIV; and its third, and possibly most important, task now is to mobilize global resources in response to HIV AIDS. To this end, the Global Program on AIDS has been recently reorganized to render it more effective.

[Francis] Also addressing the opening session was the coordinator of AIDS and [words indistinct] program in Washington, Dr. Fernando Zacharia, and the chief medical officer, Dr. Carlos Mulroon. I'm Debbie Francis reporting. [end recording]

Dominican Republic

JCE Accepts Demand To Hand Over Voter Lists

PA0106151194 Paris AFP in Spanish 1406 GMT 1 Jun 94

[Text] Santo Domingo, 1 Jun (AFP)—The Dominican Republic Central Electoral Board (JCE) has agreed to turn over the voter lists used in the 16 May general elections—the opposition's main demand. This was confirmed today to AFP by JCE spokespersons.

The Dominican Republic held presidential, parliamentary, and municipal elections 15 days ago, nevertheless a winner has not been declared yet due to uncountable charges of fraud. This has led the JCE to recount the votes. The opposition parties' main charge is that approximately 200,000 persons—allegedly opposed to the official Social Christian Reformist Party of President Joaquin Balaguer—were excluded from the voter lists used on election day.

The opposition parties demand the JCE show them the lists used in the elections to compare them with the ones the board delivered to them a few days before the elections. This request has just been granted. The JCE decision came about after, in an independent manner, the electoral boards of the Puerto Plata and the National District [Santo Domingo and its surroundings] declared their willingness to turn over their voter lists to the parties that requested them. Nevertheless, a JCE spokesperson told AFP that the printing and delivery of the voter lists to the political parties will take five to six days.

According to the count, Balaguer, 87 and almost blind, who is running for his seventh presidential term, garnered a 1 percent lead (30,000 votes) over Jose Francisco Gomez, social democrat from the Dominican Revolutionary Party [PRD]. The PRD, which charged alleged fraud, insists that the sole solution to the post electoral crisis is a partial or total repetition of the elections.

International observers who watched over the Dominican elections have declared the need to verify the number of persons who were not able to vote to establish if it was a significant enough number that could have altered the results.

PRD's Pena Gomez Demands New General Elections

PA0106195094 Paris AFP in Spanish 1829 GMT 1 Jun 94

[Text] Santo Domingo, 1 Jun (AFP)—Jose Francisco Pena, candidate for the social democratic Dominican Revolutionary Party [PRD], demanded new general elections be held after denouncing, on Wednesday, that the Central Electoral Board (JCE) is preparing a new maneuver in the delivery of the electoral lists to the political parties.

During a news conference in Santo Domingo, Pena Gomez said the maneuver consists of satisfying the demands of the opposition parties by giving them a forged voter list with 200,000 less voters, which obviously does not correspond to the electoral list that was used on election day, 16 May. "What needs to be done is for the JCE to deliver photocopies of the lists used at each of the tables on 16 May," according to Pena Gomez and fellow party member Tirso Mejia Ricart, elections

director of the PRD. These lists can easily be distinguished because they are sealed with a mark that states: "voted," according to the PRD leaders.

Likewise, Pena Gomez said that as part of his party's international campaign to denounce the electoral fraud, his candidate for vice president, Fernando Alvarez Bogaert, will attend the Latin American Foreign Ministers Conference in Belem, Brazil, to explain the situation. "The damage caused to continental democracy with the shameful events that took place during the Dominican election process is serious as can be proven by the international observers who attended the elections, including the Christian Democrats," Pena Gomez said.

While the JCE estimates indicate that President Joaquin Balaguer, from the Reformist Social Democratic Party (PRSC), won the elections with a 1-percent advantage (30,000 votes) over Pena Gomez, his followers maintain that fraud took place to ensure the reelection of Balaguer, twice president and seven times a candidate.

Pena Gomez added that he had received a letter from Costa Rican President Jose Maria Figueres informing him that the four Central American presidents and their respective foreign ministers had agreed to endorse Alvarez Bogaert's participation in the conference at Belen, Brazil. The other presidents are Carlos Roberto Reina of Honduras, Ramiro de Leon Carpio of Guatemala, and Violeta Chamorro of Nicaragua.

If Dominican Republic Foreign Minister Aristides Taveras Guzman objects to Alvarez Bogaert's participation to report the alleged fraud, the Costa Rican foreign minister will present him as a member of his delegation, Pena Gomez reported. In this respect, the PRD candidate recalled a previous case when during Anastasio Somoza's dictatorship in Nicaragua, Father Miguel D'Escoto participated in a conference as a member of the Costa Rican delegation.

Finally, Pena Gomez announced that leaders of his party will be sent on other missions. One mission will go to Jamaica to request the Caribbean Common Market (Caricom) to not recognize the possible proclamation of Balaguer as the newly elected president of the Dominican Republic. Another PRD delegation will go to the EU to report "the scandalous fraud committed against the democratic rights of the Dominican people," he concluded.

Analysts agree that the post-electoral Dominican panorama continues to "be tangled and complicated."

Belaguer Accepts UN Embargo Mission

PA0106210994 Paris AFP in Spanish 1905 GMT 1 Jun 94

[Text] Santo Domingo, 1 Jun (AFP)—It was officially announced today that Dante Caputo, the Argentine who is serving as UN-OAS special envoy on the Haitian crisis, reached an agreement with Dominican President Joaquin Balaguer to send a mission that will monitor the observation of the embargo against Haiti. Today, Caputo met with President Balaguer in Santo Domingo. Following the one-hour meeting, Caputo announced that the Dominican Republic will accept a mission "of no more than 60 people." Caputo and Balaguer also agreed on "a maritime cooperation plan to combat contraband going into Haiti." This plan will be sponsored by the United Nations.

The UN-OAS special envoy said a group of experts will arrive in the Dominican Republic next week. They will offer technical advice on overseeing the embargo. Caputo also said the UN "will encourage its member-states to offer their assistance" to the Dominican Republic in monitoring the embargo.

In terms of humanitarian aid—the only type of aid permitted under the total UN embargo—Caputo said that tomorrow, Dominican authorities will receive, via the Foreign Ministry, "an exact list of what can and cannot be sent across the border."

The meeting between Caputo and Balaguer also was attended by the Dominican Armed Forces chiefs of staff; Leon Fuerth, special assistant to U.S. Vice President Al Gore; and Robert Pastorino, U.S. ambassador to the Dominican Republic. Caputo, who visited the Dominican Republic last week with William Gray, U.S. President Bill Clinton's special envoy, must return to New York today to meet with UN Secretary General Butrus Butrus-Ghali.

The Dominican Republic and Haiti share a 300-km border and, according to foreign sources, fuel has been crossing into Haiti across this border.

Haiti

Senator: 'Small Group' Holds 'Country Hostage'

FL0206002894 Port-au-Prince Signal FM Radio in French 1030 GMT 1 Jun 94

[Text] As I said a moment ago, today's convening of the parliamentarians has been postponed or canceled. Senator Clark Parent raises the question of security.

[Begin recording in Creole] [Parent] Well, I do not believe it even reached the stage of postponement because it had not yet been convened, because safety ... [pauses] a lot of other things are taken into consideration ... [pauses] because it is ... [pauses] we are experiencing coup d'etat logic and ... [pauses] I think these are the reasons.

[Unidentified correspondent] Sen. Parent, do you think this session will be possible within the next few days, given that many parliamentarians are already on vacation?

[Parent] Well, I believe the vacation period will end between now and 13 June. The vacation period will

come to an end and the Chamber of Deputies will return to work. Its vacation will come to an end and everything will return to normal.

[Correspondent] Do you not believe, nonetheless, that there will be opposition toward the unofficial office?

[Parent] Do you mean the office of Bernard Sansaricq or ...?

[Correspondent, interrupting] That is it.

[Parent] Well, I think a time will come, a time when the country can no longer carry on with this demagogy. I do not think the country can carry on indefinitely while a small group of people holds the country hostage, preventing the people's choice from being respected. [end recording]

Jonassaint Official on Opposition To VSN Return

FL0106182194 Port-au-Prince Radio Metropole in French 1600 GMT 31 May 94

[Text] The Jonassaint government will not allow the reformation of the VSN [Volunteers for National Security] corps. Minister of Information Jacques Saint-Louis recalled that the VSN corps was dissolved by the government of General Henri Namphy and the dissolution decree is still in effect. But he says he understands some people's fears about a foreign intervention. Rothschild Francois Junior met with the minister of information. He has some details:

[Begin recording] [Francois] The Jonassaint government opposes the formation of a new paramilitary corps in Haiti. Questioned about the return of the VSN to the political scene, the minister of information explained that the Armed Forces and the police are the only armed corps authorized in the national territory. Jacques Saint-Louis stated, however, that he understands the attitude of some sectors of the population in the face of threats of intervention, which weigh on Haiti. The minister of information stressed that patriotism under attack requires more social and republican discipline.

[Saint-Louis] We consider that this attempt to bring back this corps dissolved by decree, dated, I believe, in 1986 by the government of Gen. Namphy, is a manifestation of people being under attack and feeling threatened; while an American intervention is being considered, it is quite normal for people feel the need to organize themselves. A decree was written, however, in that respect for the dissolution of this corps and we, as the government, do not intend to take a step backward by authorizing another armed corps, parallel to the Haiti Armed Forces and the police.

[Francois] If there is pressure from the Volunteers for National Security, would you reconsider this decision?

[Saint-Louis] It is out of question. The Constitution is clear on that. Only the Armed Forces and the police remain the armed corps. We count on the population, however, in the sense that the population remains mobilized so that if need be, we can call on the people to assure together the defense of national sovereignty.

[Francois] Questioned on the press releases recently issued by the government regarding some provisions of the Penal Code—an initiative which has provoked many negative reactions—the minister of information of the Jonassaint government defended himself by explaining that the government only wanted to make a point of recalling that those laws exist.

[Saint-Louis] It is just a reminder. You know that with the threat of an intervention, people [word indistinct] and do not know exactly what attitude to adopt, etc. I then thought that it was necessary for the Ministry to recall that there are [word indistinct] regarding those questions.

[Francois] Mr. Minister, some sectors accuse your government of wanting to establish a dictatorship in Haiti.

[Saint-Louis] We do not intend to establish a dictatorship in Haiti at all. We have a very specific mission and we are going straight to elections. We have some constitutional deadlines to achieve and we make it a point of achieving them. [end recording].

Malval Government Members Banned From Leaving

FL0106175094 Port-au-Prince Radio Metropole in French 1500 GMT 1 Jun 94

[Text] The government of provisional president attorney Emile Jonassaint has officially banned the members of the resigning government of Mr. Robert Malval from leaving the country. In a communique issued on the night of 30 May, the Ministry of the Interior asked the state employees and government members not to leave the country before providing explanations about their management of the public coffers. A formal order has already been applied in that regard at the border posts in order to block the travel of the people affected by those measures. No reactions to the measures have been recorded from the standpoint of the resigning government of Robert Malval. The resigning prime minister was supposed to leave the country at the beginning of this month in order to participate at the OAS General Assembly on 6 June in Belem, Brazil.

We have learned today from the cabinet of Mr. Malval that he had decided not to go to Brazil after all, feeling that after 11 May 1994 his place is in Haiti along with the Haitian people and standing before the usurpers of the legal power—unquote [no opening quote as heard].

Central Bank Freezes Malval Government Funds

FL0106173394 Port-au-Prince Radio Metropole in French 1500 GMT 1 Jun 94

[Text] The central bank, the Bank of the Republic of Haiti, has frozen nearly 15 million Haitian dollars belonging to the resigning government of Mr. Robert

Malval. The funds, which have been blocked since the arrival on the scene of the provisional government of attorney Jonassaint, are for social and humanitarian programs. It should be noted that this money was provided by the U.S. Agency for International Development [USAID] and was aimed at financing USAID humanitarian projects and food and work programs for the impoverished.

Organization Chief Calls for 'State of Siege'

FL3105194594 Port-au-Prince Signal FM Radio in French 1030 GMT 31 May 94

[Text] Engineer Franck Pierre, secretary general of the Capois Lamort Organization of Haiti [OCLH], has called for a state of siege. Pierre wrote Lieutenant General Raoul Cedras, commander in chief of the Haitian Armed Forces [FADH], demanding the state of siege and calling for the president of the Republic and Parliament to declare a state of siege to prepare for any possible provocation in Haiti. The current political sphere of influence continues to tear Haiti's social fabric and has led the country to a fatal deadlock, clearly threatening our national sovereignty with the military intervention of foreign powers known as Friends of Haiti.

The OCLH can in no way remain indifferent and idle during crucial points in the nation's life and has decided to save and defend our national independence. The OCLH earnestly and firmly asks the FADH high command:

1) To order a state of alert at all military bases in the nine geographic departments and to put the Army on alert;

2) To call up all officers, noncommissioned officers, and retired soldiers or those who were declared unfit for service in the FADH; to restore to the ranks of the FADH all former officers, noncommissioned officers, soldiers, tacticians, technicians, and others who were dismissed from the various corps, including the navy, infantry, artillery, training camp, aviation, and especially the elite corps that had been dissolved; that is, the Dessalines Barracks and the Corps of Leopards; to set up the FADH military high council immediately, composed of retired generals and colonels, to train and supervise the current High Command.

Engineer Franck Pierre is very firm about this. He demands a state of siege. The country will thus know it had been defended, explains Franck Pierre of OCLH. Forward! he cries to all Haitians and foreign nationals living on Haitian soil. Defend our lives and our interests in the face of the Haitian genocide, planned by foreign powers, that is coming. Up with a free, independent, sovereign Haiti, he exclaims.

It should be pointed out that the (Mais Gate) International Airport was reportedly under strict military control during the night of 30 to 31 May. We are awaiting further information from our colleagues on that issue.

Official on U.S. Trade Balance, Regional Accords

PA0106122094 Mexico City Radio ACIR Network in Spanish 0000 GMT 31 May 94

[From the "Panorama Newscast"]

[Text] Herminio Blanco Mendoza, under secretary for international trade negotiations of the Commerce and Industrial Development Secretariat, appeared today before the Senate of the Republic to explain the content and progress of the free trade agreement signed by Costa Rica and Mexico. During his speech, the under secretary explained that the trade agreement will encourage investment and generate better paying jobs for Mexicans. The agreement, he said, will be particularly attractive to small- and medium-sized businesses.

When members of the Senate Trade Committee asked him about the current state of trade between Mexico and the United States, Herminio Blanco reported that Mexican exports to the United States totaled $4.2 billion and that Mexico's trade balance deficit is $83 million. Herminio Blanco described this as a fairly well-balanced bilateral trade relationship. The under secretary admitted that there are still a number of problems that need to be addressed.

[Begin Blanco recording] Obviously, paperwork and bureaucracy are always a problem because they reduce competitiveness. We have fought against this throughout the Salinas administration, but there is still plenty of work to do. In terms of the trade issue along the border, I must say there has been progress. There has been progress, and I am sure we can advance even further to allow border retailers to successfully compete against the large commercial chains on the other side of the border. [end recording]

He concluded by saying that Mexico cannot limit itself to trade with its North American partners. He announced that in addition to the free trade agreement signed with Costa Rica, other agreements will be signed in June with Colombia and Venezuela, and that Mexico is currently involved in negotiations with Bolivia, Nicaragua, El Salvador, Guatemala, and Honduras. This will give us access the entire Central American market with its 30 million inhabitants and $7.8 billion in total imports.

Article Views U.S. Customs Treatment of Goods

PA0106151494 Mexico City EL FINANCIERO in Spanish 30 May 94 p 30

[Article by Jorge Witker: "NAFTA: Some Practical Indicators"]

[Text] Four months following NAFTA's entry into force, the northern border offers some negative indicators that contrast with the acceleration processes being currently implemented by the government in the tariff and financial areas. The northern border, where a de facto economic and commercial integration is supposed to exist, constitutes the practical scenario to show the advantages of the commercial agreement in a natural and everyday manner.

In Chihuahua, however, the situation appears to be the same, at least in regard to regional exports from the state to U.S. markets. Despite everything, as far as imports are concerned, it is possible to find in the supermarkets a variety of U.S. products that are being sold without Spanish labels and even foods with expired dates on them. Is the Mexican Customs opening in keeping with the "free flow of foods" that is being promoted by NAFTA or is it simple premodernistic [premoderno] smuggling.

As for Chihuahua's exports, there is discouragement and disappointment. Apple producers who process the fruit and sell it as concentrate or syrup must, before every shipment, wait for lab tests in order to introduce their product. The product is kept by Customs for days, which entails additional expense since apples are a perishable product. Apparently, the elimination of nontariff barriers has not reached the U.S. Customs officials yet.

Another case in point is that of a renowned producer of Mexican bread and tortillas, which are exported to the United States. To preclude surprises in each shipment, he asked that a customs office be set up at his plant where compliance with the rigorous U.S. health requirements is documented, verified, and certified. Despite this, tortilla shipments and exports are stopped and sent for lab tests, thus delaying and raising the Mexican exporter's operating costs.

In addition to these protectionist examples, typical of U.S. praxis and insensitive to NAFTA, there is a very significant and well documented "free trade" experience. An executive of a business association or chamber accompanied by Mexican and U.S. notaries tried to determine levels of bias and ambiguity among U.S. Customs officials. For this purpose, he bought several gallons of U.S. milk (the milk sector of the state refuses to let go, despite efforts by the sector's industrialists via subsidized imports and official policy). He shipped it and imported it into Mexican territory. Subsequently, he switched the packaging (not the containers) and replaced them with others that had Mexican labels. When the same milk was exported to the United States, Customs officials stopped the shipment and conducted the lab tests that have become customary for Mexican perishables. The milk was rejected because it yielded negative results (unhealthy bacteria and foreign objects). How can one interpret this Customs behavior that milk producers have documented with Mexican and U.S. notaries?

In sum, the cases described have nothing to do with promises of "clear and objective regulations for permanent access to the national exports" that were used to justify this national decision to sign and approve NAFTA.

Therefore, before further lowering tariffs and beginning the new opening for the announced banking services, the

government should demand the effective dismantling of nontariff restrictions because thus far, neither commercial reciprocity nor NAFTA have reached Chihuahua's border.

Guerrero State Alerted To Illegal AK-47 Shipment

PA0206034794 Mexico City EL FINANCIERO in Spanish 1 Jun 94 p 53

[Report by Miguel Angel Ortega]

[Text] International gunrunning is inundating Mexico. As if we were a nation at war, 20,000 AK-47 rifles—the lethal goat's horn—$12 million worth of them, are being shipped to our country from the United States.

In February, U.S. military intelligence alerted its Mexican counterpart about a shipment of 2,000 AK-47 assault rifles which are part of a larger shipment of more than 20,000 rifles. These weapons could already be in Mexico.

One expert who was consulted said the shipment "could supply the largest irregular army ever seen in contemporary Latin American history." Military authorities, however, ruled out the possibility that they are linked to a new insurgent movement.

EL FINANCIERO gained access to a report the Defense Secretariat sent to Government Secretary Jorge Carpizo McGregor, noting that "a reliable source" alerted the Mexican military attache in Washington about an "upcoming shipment of 2,000 AK-47 assault rifles which was to be sent from the United States to Mexico."

Classified as urgent and secret, dated 8 February, and received at the Government Secretariat at 1559 on the following day, the military report stated: "The arms shipment is presumably part of a larger shipment of as many as 20,000 similar weapons. The weapons' destination is Guerrero State, but it is unknown whether part of this contraband has already entered Mexico or whether it is in the process of entering."

The report noted that in Guerrero State, "mainly in the area of La Montana and Costa Chica, certain events have occurred to raise suspicions that drug trafficking and criminal activity in general might be confused with a subversive movement that is blossoming."

A copy of the Defense Secretariat communique, which was assigned the number 6454 and addressed to the government secretary, was also sent to the former Attorney General Diego Valdes; Jorge Tello, the current director of the Center of Investigation and National Security; Francisco Gil Diaz, assistant secretary of the treasury and public credit; and to Mario Ruiz Massieu, the current assistant attorney general. The report added that the arms might be shipped inside containers.

According to a military expert consulted by EL FINANCIERO, comparable rifles wholesale for $600 apiece in the United States. This means the first shipment's value is estimated at $1.2 million, and the entire shipment would be worth at least $12 million.

The communique also stated that the Guerrero State government "has already taken appropriate steps to increase vigilance among the public security forces."

In conclusion, the Defense Secretariat asked the government secretary to gather information "to try to detect, in advance, the entry of this contraband, which could be introduced into the nation by land or sea and by any means of transportation, including the use of containers."

PRD Creates 'Movement for Democratic Transition'

PA0206032394 Mexico City LA JORNADA in Spanish 30 May 94 p 15

[Report by Rosa Icela Rodriguez]

[Text] Yesterday, when the Movement for Democratic Transition [Movimiento por la Transicion Democratica] was created, it was announced that it would support Cuauhtemoc Cardenas' campaign to conduct a democratic struggle to return the Party of the Democratic Revolution (PRD) to legitimacy because it is currently being "held hostage by various factions." Initially, the movement is expected to include some 100 PRD leaders and candidates for the Chamber of Deputies and Senate.

A document that served as a basis for a discussion at this meeting at PRD National Headquarters states that the government, with the support of the media, "has unleashed a smear campaign against Cuauhtemoc Cardenas and the PRD"—a campaign to which "PRD followers have not known how to respond" because "the PRD's internal problems have hampered and to a great extent paralyzed its political activity."

The document recognizes that "today's prevailing political climate is one of division and confrontation," and what has caused this is the way candidates for deputies and senators were chosen—"under the hegemony of internal factions that placed group interests above national interests, thereby seriously hurting internal stability and, moreover, hurting the party's ability to provide the people with solutions to resolve the country's great problems."

At the meeting, which was attended by PRD members Francisco Kuri, Gilberto Rincon Gallardo, Rene Arce, Arnoldo Martinez Verdugo, Cuauhtemoc Sandoval, and others, those in attendance criticized the fact that "the PRD structure has been overrun by interest groups calling themselves factions."

Likewise, they criticized the fact that "internal disputes have lacked political foresight, programmatic formulas, and tactics. But the most serious aspect of this situation has been the casting aside of PRD members who do not belong to any

faction—those who act separately within grass-root organizations in municipal and district committees."

They stressed: "This is not the image of the PRD that is sought or wished by those of us who have gathered together to form this movement" and who have "shared with a large sector of the party's grass roots our opposition to the methods and behavior of these groups, which have made hegemonic decisions at all levels of the party and have even placed at risk the organized activities of the Executive Committee and the National Council."

They continued: "In view of this situation, a group of us, all PRD members who took part in the party's founding and have devoted ourselves to the tasks of building the party and developing its policies and programs, have decided to form a group and become an instrument of political work within the PRD, and, in this way, we will fulfill the goals that our statutes establish."

El Salvador

Calderon Sol Makes Inaugural Address

PA0106191694 San Salvador Radio and Television Networks in Spanish 1621 GMT 1 Jun 94

[Inaugural address by President Armando Calderon Sol from the Central American Pavilion at the International Fair Grounds in San Salvador—live]

[Text] Madame President of the honorable Legislative Assembly and deputies; Mr. President of the honorable Supreme Court of Justice and magistrates; Mr. Vice President of the republic and Mrs. Borgo [applause]; Mr. Alfredo Cristiani and Mrs. Margarita de Cristiani; [applause and cheers] Mr. [former Vice President] Francisco Merino Lopez; [applause] Your Excellency the President of the Republic of Costa Rica and Mrs. Figueres Olsen; [applause] Your Excellency, the president of the Republic of Honduras, Dr. Carlos Roberto Reina; [applause] Your Excellency Mrs. Violeta Barrios de Chamorro, president of the Republic of Nicaragua; [applause] Your Excellency President of the Republic of Guatemala and Mrs. De Leon Carpio [applause]; Your Excellency the Prime Minister of the Republic of China and Mrs. Lien Chan; [applause] Your Excellency the Vice President of the Republic of Ecuador and Mrs. Garzoni [as heard]; [applause] Your Excellency Guillermo Ford, vice president of the Republic of Panama; [applause] your excellencies, chiefs of special missions and honorable members of the retinues accompanying them; Mr. President-elect of the Republic of Panama and Mrs. Perez Balladares; [applause] Mr. Comptroller General of the Republic; Mr. President of the Supreme Electoral Tribunal and magistrates of the tribunal; members of the cabinet; Mr. President of the Central American Parliament; honorable representatives of international organizations; Mr. Municipal Mayor of San Salvador and Mrs. Valiente; [applause] former Central American presidents; Your Excellency and Most Reverend Monsignor Manuel Monteiro De Castro, apostolic nuncio and church authorities; [applause] members of the Armed Forces High Command and commanders; [applause] representatives of political parties; special guests; ladies and gentlemen:

We have the high honor of assuming today the presidency of the Republic by the sovereign will of the Salvadoran people freely expressed through votes and abiding by the Constitution of the Republic. In the first place, we thank God Almighty for this privilege of serving our beloved people. We accept this challenge with humility and ask God to enlighten us in every one of our actions. We know there is no privilege without responsibility, and for that reason we accept our responsibility with full awareness of the historic moment for the nation and the world.

In a very special manner, we want to voice our most sincere gratitude to the noble Salvadoran people, assuring them that we will work for them, day after day, throughout our entire administration. We will not forget for a single minute the principle that public power comes from the people and that government officials are their delegates with the powers granted by the law. With pure patriotic fervor, we express our deepest appreciation to all the men, women, and youth who form part of the Nationalist Republican Alliance, ARENA. [applause, cheers]

Five years ago you forged the way toward national recovery, and you are today propelling us toward the overall reconstruction of the country, making it possible for us to experience this historic moment. Once again you told El Salvador you are here for the fatherland, a fatherland that joins all of us [applause] in constructing a future in which there can be coexistence and in which peace, progress, and liberty can be shared. [applause]

We wish to make special recognition of President Alfredo Cristiani, [applause] artisan [applause] of peace. His administration will go into the pages of our history, and current and future generations will reap the benefits of his extraordinary work as president. I am receiving today the presidential sash, which I must hand over five years from now on a day much like today, as the symbol that the work accomplished is just a relay to continue onward in building the future of the nation.

We are grateful for the presence of representatives of friendly peoples and governments. We regard it as a new expression of support for the people of El Salvador in this process of peace and strengthening of democracy to which we are so fervently committed. We are building a new El Salvador, which is modern, democratic, and participative. This demands legality, security, honesty, respect for each other, solidarity, and opening. The framework for our administration will be the Constitution and the laws, which we, the government and the governed, must all respect. Our objective is the full state of law that will guarantee the equality of all Salvadorans before the law, making sure that this will be the golden rule of national coexistence, without improper privileges or unjust exclusions.

We will work tirelessly to achieve the conditions that will ensure the highest level possible of safety for the people, within the framework of the law and full respect for the rights of individuals. We will combat crime, drug trafficking, kidnapping, extortion, and violence with total commitment. In this respect, we will [applause] In this respect [repeats himself] we will give top priority to developing public security as the guarantor of internal peace and the tranquillity of citizens.

Our administration will not tolerate corruption of any kind. We will make sure public functions are honest and integrity exists in all public servants so that honesty in every one of our actions becomes the norm that guides the work of the administration as a whole. We believe in the irresistible force of example. That is why, before the entire nation, we pledge to have an administration that is

honest and respectful of public affairs so that democracy can continue gaining credibility. [applause]

We will work toward strengthening a society that lives in harmony and where respect for human dignity is the basic rule of coexistence among Salvadorans. We do not want any more confrontation, much less polarization. We will work for cooperation among all the political and social forces to advance the important national project.

To us, it is very clear that this society should work as a one; however, its social integration is not a beautiful [word indistinct]. It is also a challenge to improve, directly linked to the living conditions of human beings. In terms of Salvadoran solidarity integration, we will work unceasingly to improve the standard of living, particularly for the most needy so that no Salvadoran falls by the wayside on the important road to development.

We consider fundamental initiating broad development of all the currents of thinking, of ideas. If ideas are not challenged they do not develop, thereby preventing the possibilities of finding the best options in the search of solutions to problems.

The time of dogmas and fanatics has ended. Historical rationality prevails as a prerequisite of reality. Our country is an example of this spirit, and we will do everything possible for it to continue on this road. These principles are fundamental to generating trust. This is a vital condition for governing and leading the nation on the road to progress. A nation without faith in itself, its government, and its future, is prone to go under at any time.

We are faced with enormous challenges in the reconstruction of our nation. The greatest effort should originate from ourselves. As a nation we are grateful for the support we received during the conflict and during the period of fulfillment of the peace agreements. We ask the international community to continue with the cooperation to totally reconstruct this nation and to consolidate peace that serves as an example for the world. [applause]

To our Central American brothers, we send you our most sincere greetings. The significant political changes the world has experienced in the past years and the economic globalization process demonstrate to us the indisputable need to continue working arduously as a region to integrate [word indistinct] and find together favorable positions when facing third nations. During the last years, thanks to the regional presidents' work and dedication we have obtained significant progress toward Central American integration. Nevertheless, we also recognize there is still a long road ahead. Therefore, from here on we promise to work with our counterparts, with our best resolve and energy, within the framework of respect and sovereignty, to contribute to the progress of our peoples.

Our administration's clear goal will be to achieve social peace. For this we must turn El Salvador into a nation of opportunities, with social [word indistinct]. [applause] The lack of opportunity to progress causes poverty and frustration. We have just come out of a conflict that to a great extent was the result of despair over the lack of opportunities. A large number of our compatriots live in poverty. We must break the vicious circle of he who is born poor must die poor. [applause] We will give special attention to education, health, child protection, and the environment. We must work toward solving these big problems through the participation of all Salvadorans. We will foster support programs for human promotion to improve the standard of living. We will put our efforts in the people to achieve human, social, economic, and political development, so that this can be a truly sustained development.

This demands a different attitude, a different frame of mind, and a different focus that will allow us to move onto the path of modernization and which, in turn, will allow us to cope firmly with the challenges of the new millennium. We must stress the best characteristics all Salvadorans have—our creativity and hard-working nature—because this is our greatest resource. We have attained peace, and now the guns are silent. Nevertheless, we must still do away with senseless rivalries and antagonism. We must rebuild our nation in a physical, moral, and spiritual manner in order that, together, we can achieve a social peace that will be a new means of attaining harmony, respect, security, and participation among all Salvadorans. [applause]

Social peace must be born in our homes, taught in our schools, and improved in the workplace. This is the best legacy we can leave to our children, who are the future for which we are working today. We will prepare our youth to enable them to face the challenges of the future, guide them along a productive path in all branches of human knowledge, and work hard in order that Salvadoran youths be able to live, study, and work in a dignified and happy manner.

Our government will promote reforms that will lead to obtaining the greatest possible degree of efficiency in our work. Now that all currents of political thought are gradually uniting over the social market economy, efficient government will mark the basic difference in our ability to satisfy the hopes of the people and to maintain their support.

Therefore, we are going to carry out a thorough reform program in the public sector that will satisfy the demands of a free, participative, and unified society that will promote the most efficient use of resources and will improve the quality of services. During this process, we will seek adequate means to decentralize and stimulate the private sector's participation in government services in an orderly and gradual manner, as well as in accordance with the capabilities of local governments and the private sector.

We are going to help strengthen the municipalities to enable them to assume the responsibilities that result

from the decentralization of public services and that will heighten their sensitivity to the needs of their citizens. In this way, we will seek mechanisms that will allow greater participation of the comn unities so that they can become key players in resolving their problems and promoting their own development. In this way, we will be respecting their dignity and putting an end to the state paternalism that has inhibited the initiative of the people.

In our government work, we will try to strengthen the democratic model to create a solid foundation that will lead us to stable and lasting social harmony. Now that all political beliefs have room and freedom in our society to express themselves, we must defend ideological pluralism in the face of systematic confrontation, authoritarian impositions, arrogance, and political violence. All political parties, social organizations... [applause; Calderon Sol repeats himself] all political parties, social organizations, and the government must maintain an open and sincere dialogue to reject and eradicate, as much as possible, those practices that generate excessive passion, hatred, and violence, all of which undermine democracy and take away freedom from the individual. [applause]

All political groups are present in the Legislative Assembly. As president, our work requires sweeping dialogue and support to carry out the government plan. We want to tell the opposition that we are going to maintain open channels of communication with the assembly to listen to its opinions and to reach a basic consensus. We hope to have a constructive opposition so that, together, we will find the best options for our people. [applause]

In a similar manner, we will work with various civil organizations to attain alliances in terms of our government plan and to find solutions to specific problems. Dialogue, sincere communication, and the fulfilling of commitments are basic requirements for generating confidence, progressing with determination, and governing in a way that reflects the hope of the people.

I would like to speak of an institution that, as an integral part of society, has already begun a process of renovation to accommodate itself within the new peace process: our Armed Forces. [applause] Our Armed Forces have a clear mission and full knowledge of the role they must play within the Republic's renovated institutional picture. It is with great pleasure that its commander greets the military institution, in general, and wishes it a promising future [applause] while fulfilling its patriotic duties within the Constitution's framework.

We wish to reiterate to all Salvadorans and the international community that is amply represented on this occasion our decision to comply properly with the peace accords, because they represent the commitment [applause] not of a government or a sector, but of the whole nation. We cannot ignore that this is a necessary condition on the path of no return that will lead us to constructing social peace. [applause]

Concerning justice, deep changes are necessary as well as a determination to carry them out. The Presidency is ready to do what it must do, and it will cooperate with the other state organizations in doing what they must do to ensure that our judicial system meets the requirements of a modern and democratic society. In doing so, we must strengthen judicial order. We must see to it that everyone abides by the law and that no one is above the law. [applause]

We cannot speak of justice if we do not have public order, and we cannot speak of public order if we do not have a police corps that is properly trained, equipped, and deployed throughout the country. Our commitment is to make the National Civilian Police [PNC] an institution that will give true and ample protection to the people, a PNC that will strictly abide by the law, a PNC that will make us proud. [applause]

I must state that we will encourage a full respect for human rights and absolute freedom for Salvadorans. In schools and through the media we will encourage the teaching of peace and a respect for these fundamental rights so that these principles will become part of our most cherished beliefs. We believe it is a state's duty to create conditions that will foster equal opportunities to all so that everyone can achieve better standards of living. We will tackle poverty by promoting plans of human development and by giving productive work to those who have nothing, thus giving them the opportunity to attain a true wellbeing.

Ours is not, however, a short term vision. The real solutions aimed at eradicating poverty from its root are long term. It will take much more than one presidential term to do this; therefore, we commit ourselves to work, from day one, to create the basis for an overall permanent development. We will stress sectorial policies and investment in the people to undertake the path that will lead to human development. Education and health are the two main factors to increase human potential; education and health are also the best tool for man's advancement, for the advancement of his families, and for the advancement of the country.

The coverage and quality of education are major factors. We must encourage research and technological development in order to compete in the world, which is increasingly becoming more globalized each day. We cannot stand on the sidelines of progress. We are going to promote a profound reform in education by earmarking greater resources, improving educational programs, and training teachers, to whom we convey our respect and admiration. Our goal as a country must be to reduce illiteracy to a minimum and bring quality education to the most remote area of our territory.

The men and women of this nation are our greatest resource, and educating them is to invest in the future. [applause] Higher education and technical institutions

are facing a major challenge; that is, to grow in step with the demands of the new El Salvador we are building. If these institutions would truly like to contribute effectively to the country's overall development, they must compete for excellence, upgrade their programs and the quality of their education, expand their potential for research, and explore new ideas to reaffirm individuals' liberty and creative capability.

Health services also directly increase human potential and encourage the development of individuals. Although we have made progress in past years, the health system is still inadequate to meet the demand, thus creating frustration among the people. In this field we will also implement a profound reform by promoting methods that demonstrate they can solve health problems. As the government, we will work to solve these problems by emphasizing preventive care, seeking ways to decentralize services, and achieving greater participation by the private sector and the communities.

When we talk of overall health, we are also talking of the environment, because most illnesses afflicting our country's neediest are caused by the pollution of the earth, riverbeds, and the air, as well as by the deterioration of the environment. If we do not protect our resources, we are betraying future generations, dooming them to a world of desolation due to our indifference and ineptness. Our government will play an active role, because the state has to ensure, as part of its (?complementary) duties, the protection of the environment by legislating, educating, and encouraging the implementation of adequate projects; therefore, we are going to generate policies that succeed in making growth and the environment complementary, because there can be no sustainable development if that is achieved at the expense of the environment and the extinction of our natural resources. [applause]

There can be no overall social progress either if we do not meet the demand for decent housing, a large-scale problem the solving of which requires unbelievable amounts of resources and time. In past years, we have had encouraging progress in this field. We must be more daring, however, and find new ways to solve housing problems so that El Salvador can become a country of homeowners.

Reforming the social security system, which is inefficient and does not provide sufficient coverage, is fundamental. We must improve the current system, which excludes almost 80 percent of the economically active population from protection.

We will promote new options to expand coverage of Social Security, encouraging the participation of the private sector. We want to prevent the anguish with which most of our workers view their elderly years, because they are condemned to be a burden for their families after having spent their lives working for the country's progress. [applause]

Special attention must be given to youths and sports, because our low-income youths are exposed to high-risk social situations, and only by giving them spiritual guidance, moral education, training, and healthy recreation will we have sports-minded and studious youths. Along with cultural programs, these things will bring about the overall education of the young people of El Salvador. [applause]

Our social agenda is directed in one way or another at protecting the Salvadoran family, because that is where the most beautiful lessons in life are learned. Those lessons are a love of God, country, and fellow man. [applause]

Many women today are responsible for their homes. They play the double role of mother and father, and their families live under difficult circumstances. For them, we will create programs that will enable them to improve their standard of living. We will also provide special protection to women, children, and the elderly. [applause]

During the administration which has just concluded, great economic reforms were carried out, and noticeable progress was achieved, permitting significant growth in recent years. Our challenge now is to maintain high rates of growth and to turn them into economic growth with equality. To this end, our policy will seek to maintain conditions that will ensure stability to consolidate the confidence of the private productive sector, which is the generator of wealth, the primary agent of modernization, and the promoter of progress. [applause]

Concurrently, we are going to strengthen free market competition, in which the state must act as a mediator to prevent abuses. In this field, the elimination of the imbalances that still exist will be necessary in order to provide protection to both producers and consumers. We clearly speak of freedom, not of free license, much less of any kind of privileges. [applause]

Economic progress must be based on the efficiency of competition, but without losing sight of the fact the economy must play a social function, because the reason for its existence is not the accumulation of wealth but, rather, the generation of wealth to improve the quality of life and the standard of living of all citizens. [applause] In other words, it must be the vehicle to achieve the common good.

Within the social market system, we are going to stimulate domestic savings and encourage private investment, both national and foreign; in this way, we want to expand the productive borders and the sources that generate resources and permanent jobs, because that is where the opportunities for individual and national progress are found.

One cannot speak of greater private investment, however, if the public sector does not contribute to progress;

that is why a thorough reform must urgently be undertaken to achieve efficiency in this sector and, as much as possible, to eliminate the fiscal deficit, the primary source of inflation.

We must be aware that the telecommunications, electricity, water, and state infrastructure services are inefficient. They represent a financial burden for the public sector, and they restrict growth. As a result, we must urgently establish the conditions for the private sector to play a more prominent role. Therefore, we will begin a privatization process in many public services. [applause]

Workers must actively participate in this process and be shareholders of these enterprises. They face the challenge of becoming workers and investors where their capability and experience contribute to progress, allowing them to directly benefit. If we talk of development with equity, with programs to reduce poverty, we must then regard economic growth and private investment as the primary source in generating jobs. This is fundamental, because employment gives dignity to individuals, allowing them to advance by the fruit of their own effort.

This is not sufficient, however. We must also seek a true increase in workers' income, something that cannot be done by decree. We must train them and seek the technologies to raise labor productivity. Only in this way will we avoid inflationary pressures that diminish the value of wage increases. We understand that a harmonious relationship between workers and businessmen is necessary, because they comprise an inseparable nucleus that generates benefits for the country.

The informal sector of the economy and small-scale businesses generate most jobs. Under our government, training programs aimed at these sectors will be especially important, as will be the funneling of loans in market conditions. We will promote a joint effort aimed at upgrading the capability to produce and the efficiency of these sectors so that their goods and services will improve the quality of their products, and, therefore, their revenues.

Likewise, all sectors of the economy face the challenge of modernization and constant technological changes if they want to stay in the market. Though meeting internal demands must be an important objective, conquering new international markets must become the goal of every Salvadoran businessman, given it is there where the opportunities to expand our commercial borders as a country lie.

Agriculture is one sector that demands attention. We are committed to encouraging productive changes, stimulating technological progress and training, as well as guaranteeing the right to property and personal security in the countryside. [applause]

We shall create special programs to encourage personal and family progress for peasants within the agrarian reform program [sector reformado]. We are going to jointly establish conditions that free them from any sort of political manipulation so that they can play an active role in their own development and ensure that they can acquire property when they wish.

During El Salvador's new era, tourism will play an important role, because it generates resources and jobs. We must prepare ourselves to offer the best of our natural resources as well as the personal warmth that characterizes us. We believe we speak for all Salvadorans when we say our goal as a society is to attain social and economic development; nevertheless, it must be realized this demands great amounts of resources, investments in both human resources and the infrastructure. These resources should be supplied mainly by us, Salvadorans, meaning we must all contribute to the country by paying our taxes. [applause] We are going to fight decidedly against the culture of tax evasion and fraud until one day we can say with satisfaction: I can demand, because I pay my taxes. I can demand, because I am a tax contributor. [applause] I can demand, because I contribute to making my country big and prosperous.

As this new government takes office, we reaffirm we have only one commitment with El Salvador and its people: to build a better future. We do not want to create false hopes, because there are no miracles along the road to progress. There is serious and coordinated work, however, that must be carried out with dedication and as a team trying to interpret the people's true feelings and aspirations.

Our objective is to execute our government plan and fulfill the promises we made during the campaign. We will do so with everyone's support and by joining our efforts and volition. Our challenge is to build a better country for all, with equal opportunity for each of us to progress according to our effort and will to succeed. With every action we must bear in mind that the solution to our problems must arise from our own efforts as a community and as a nation, overcoming any temptation of state paternalism and ensuring respect from the international community.

My fellow countrymen, our country is beginning today a new phase in the transition toward a consolidated democracy, for which our country has been working since 1982. We realize the new government, being the first presidential inauguration of the postwar era, brings high hopes and opens new horizons for national development. We must say we are fully aware we are not here just to do a job but to accomplish a mission. It is a moral job, a job with political content and historical responsibility. This job, in essence, calls for hard work and requires a degree of effectiveness that will allow the people to see the benefits of democracy in their day to day life, not only on the political level but on social, economic, and cultural levels as well. [applause]

We promise the nation and the world we will not fail in this vital task, as the future depends on our success. Our administration will be the last historic step toward the new century; thus, it symbolizes the challenge we now

face in favor of peace, democracy, and development. We have come to the Presidency to continue the promotion of an ongoing process, but we are well aware our true task will be to demand a large dose of creativity and imagination, capability, and sensibility. We will not shy away from this challenge, because we are sure we will have the people's understanding and support. They will be the comptroller and judge of our actions.

In order to succeed in this truly patriotic endeavor, we invoke the grace and inspiration of our Lord, the Savior of the world, that He might enlighten our decisions and provide the strength and wisdom to bring them to life for the good of our nation and each and every Salvadoran. May the Lord guide us to work together to make a new El Salvador, as that is the only way we will live a better life.

Central American Leaders Oppose Taking Haitian Refugees

PA0106221194 Panama City ACAN in Spanish 1945 GMT 1 Jun 94

[Text] San Salvador, 1 Jun (ACAN-EFE)—U.S. President Bill Clinton seems to have knocked on the wrong door when he asked Central America to provide temporary shelter to hundreds of Haitian refugees because, according to what several Central American leaders are claiming, current conditions do not favor this option.

The presidents conveyed this position in San Salvador, where they are attending the inauguration of President Armando Calderon Sol. The leaders took advantage of the event to hold meetings and to draw up common positions in advance of upcoming international conferences, including the Ibero-American Summit which is slated to be held in Colombia in June.

Honduran President Carlos Roberto Reina told the media that scores of Haitians are already in his country. According to Reina, these Haitians have been granted temporary asylum, have settled in the Atlantic region, and now "constitute a problem."

Reina told the media that Honduras "must defend its rights and options," and he added, "the refugee program has been distorted... it has become politicized." Reina explained: "Honduras has already welcomed Haitian refugees, who constitute a problem because they do not want to remain in the country or return to Haiti, and they are now demanding visas to go to the United States."

Honduras has already lived through the experience of providing asylum to thousands of Salvadorans and Nicaraguans who fled wars in their countries. All of these Salvadorans and Nicaraguans have since been repatriated.

Nicaraguan President Violeta Chamorro refused to talk to the media about her country's decision on the matter, but according to Central American politicians, it is obvious that the current political, economic, and social crisis in Nicaragua will prevent it from providing sanctuary to refugees because such a move would only exacerbate the domestic situation.

Guatemalan President Ramiro de Leon Carpio noted that his country "is not in any condition to welcome" the Haitian refugees because, currently, there are some 45,000 Guatemalan refugees in Mexico that are now being repatriated. "We respect the self-determination of all people, and we uphold this policy," De Leon said in reference to the Haitian crisis. He also reiterated that Guatemala is in no shape to offer sanctuary to the Haitians because of the nation's economic and social situations.

De Leon added that there are areas in Guatemala where armed clashes between the Army and guerrillas are still taking place, and he added: "We would be making a mistake if we received our Haitian brothers under such harsh conditions."

A Salvadoran official recalled his country's difficult postwar situation, and he noted that it has not received a formal petition from the United States to accept any refugees. Miguel Angel Salaverria, the outgoing Salvadoran foreign minister, noted that the United States is seeking to obtain temporary shelter for the Haitians while it reviews the Haitians' reasons for leaving their country. He claimed the United States is doing this in an effort to turn back economic emigrants and to allow only political exiles into the United States.

Costa Rican President Jose Maria Figueres did not discuss the refugee issue in his statement to the media, and he is the only one who has not voiced opposition to the proposal. So far, according to a statement Figueres made last week, his country is reviewing the issue, which is now being negotiated with the UN High Commissioner for Refugees.

Taiwan Prime Minister Attends Inauguration

OW0206082194 Taipei CNA in English 0658 GMT 2 Jun 94

[By Huang Kwang-chun, Low Kwang-jen, and Danielle Yang]

[Text] San Salvador, June 1 (CNA)—Republic of China [ROC] Premier Lien Chan attended the inauguration of Salvadoran President Armando Calderon Sol Wednesday [1 June] morning.

During the two-hour inauguration ceremony, Lien and his wife were seated as guests of honor next to other Central American leaders.

Calderon was named president of El Salvador under the witness of Salvadoran congressional leaders. After his inauguration, he delivered a 45-minute speech calling on his countrymen to help rebuild El Salvador, ravaged by 12 years of civil war.

After the ceremony, Lien met with Nicaraguan President Violeta Chamorro and Panamanian Vice President Guillermo Ford.

Meanwhile, during a television broadcast of the ceremony, a private El Salvador television station mistakenly aired a photo of the Communist Chinese flag alongside the photos of the ROC delegation.

The ROC Embassy in El Salvador immediately demanded an apology from the TV station.

Vice Foreign Affairs Minister Victor Manuel Lagos later apologized to ROC Ambassador Andrew Shen on behalf of El Salvador for the mistake.

Shen told CNA that the station also apologized for the mistake and agreed to make a correction during a news broadcast to be shown later in the evening.

Lien and his 21-member entourage will travel to Guatemala June 2 and is scheduled to return to Taipei June 7.

Views Upcoming 'Private' U.S. Visit

OW0206075594 Taipei CNA in English 0718 GMT 2 Jun 94

[By Lou Kuang-jen and Sofia Wu]

[Text] San Salvador, June 1 (CNA)—Premier Lien Chan said Wednesday [1 June] that he will visit New York for private reasons following his official visit to Guatemala.

This was the first time Lien publicly confirmed his New York trip.

Lien, heading a 21-member entourage, arrived in San Salvador Tuesday to attend the inauguration of the new Salvadoran president, Armando Calderon Sol.

Lien will leave here Thursday for Guatemala for a four-day visit. He will then proceed to New York for a two-day stay.

Lien told a group of Taiwan reporters after attending a cocktail reception given by Calderon that his New York trip is purely for private purposes.

"While there, I won't meet with any person except my children," Lien noted. Two of Lien's children are studying in New York. "I expect a happy family reunion there," he said.

Lien, who has a doctoral degree from the University of Chicago, said he visited New York many times while he was studying in the United States. "I have fond memories of that city," he added.

Lien's wife, who is accompanying Lien on his Salvador and Guatemala visits, will fly to New York along with Lien. Other members of Lien's entourage, including Economic Affairs Minister P.K. Chiang and Chairman Sun Ming-hsien of the Council of Agriculture, will return to Taipei after the Guatemala visit.

On his way to San Salvador from Taipei, Lien stopped in Los Angeles and Miami. Lien also made stopovers in the two American cities when he visited Honduras early this year.

Taiwan does not maintain diplomatic ties with the United States. For fear of offending Beijing, the U.S. Government has been reluctant to engage in high-level contacts with Taiwan. It only allowed Taiwan's President Li Teng-hui to make a short stop in Hawaii on his way to Nicaragua in May.

Roundup of Economic Developments

PA0106003994

[Editorial Report] The following is a compilation of reports on Salvadoran economic developments monitored through 31 May.

Ruben Pineda, director of the Salvadoran Coffee Council, has reported that El Salvador has decided to release 130,000 quintals of coffee it has been stockpiling since October 1993, when the Association of Coffee Producing Countries decided to begin withholding coffee to raise international prices. The coffee is now being released in the wake of higher international coffee prices and in keeping with a resolution issued by the Association of Coffee Producing Countries. (San Salvador EL DIARIO DE HOY in Spanish 25 May 94 pp 3, 37)

The Statistics and Census Directorate General has reported that overall inflation reached 4.1 percent in the January-April period. Increases in the price of homes and certain food items, such as beans and tomatoes, led to the overall increase. (San Salvador EL DIARIO DE HOY in Spanish 25 May 94 p 11)

A new banking institution called Unibanco has been set up with an initial capital of 50 million colones. The charter agreement was signed 25 May by local stockholders and a representative of the Hamilton Bank of Miami. Unibanco President Arnoldo Villafuerte said U.S. bankers contributed 12 million colones to guarantee direct access to Hamilton Bank's international network. The bank will specialize in international trade. (San Salvador EL DIARIO DE HOY in Spanish 26 May 94 p 12)

On 25 May, authorities from the Lempa River Hydroelectric Executive Commission (CEL) confirmed that beginning on 1 June the electricity rate will again be increased. CEL President Guillermo Sol Bang announced a 30-percent increase for housing units and an increase of as much as 66 percent for industrial use. (San Salvador Canal Doce Television in Spanish 0300 GMT 26 May 94)

Nicaragua

Daniel Ortega on FSLN Congress, Renewal

PA0106121894 Managua Canal Cuatro Television in Spanish 0400 GMT 30 May 94

[Excerpt from news conference by Daniel Ortega, secretary general of the Nicaraguan Sandinist National Liberation Front, with unidentified reporters; place and date not given; from the "Events" newscast—recorded]

[Text] [Ortega] We are accepting the democratic process within the bosom of the Sandinist National Liberation Front [FSLN]; in other words, we are promoting national democracy. The most important step was taken during the 1990 elections, and we are currently taking another giant step, because we are taking into account the 1991 elections when, during the First FSLN Congress, we voted for an entire slate of candidates to the National Directorate instead of voting individually. This situation sparked dissatisfaction. Now, for the first time, we have employed individual and secret votes, but we still lack democratic footing within the FSLN. This is shown by the articles that have been written since the results were released.

Imagine if those companeros who lost the elections would have spoken at the Olof Palme Convention Center and would have expressed their support for the process after learning the results of the elections to choose the Sandinist Assembly, the National Directorate, the Secretariat General, and others. Would this not have been a superb and beautiful situation? In other words, they should have done the same thing we did when we lost the elections. We accepted our loss, because accepting our loss meant accepting the democratic process. We matched our words with deeds. We did everything democracy dictated. Should I have failed to be reelected, or if should things should have failed to turn out the way I wanted them, then would there be no democracy? I believe their attitude is merely an antidemocratic action that questions democratic logic.

[Reporter] Commander, there seems to be leftist sectors that are pleased with the results of the FSLN Congress. They maintain that as a possible 1996 presidential candidate, you have a greater chance of winning than Sergio Ramirez does. Others, however, say you are more stigmatized than the renewal current because of your position in the 1980's. Do you have anything to say about this?

[Ortega] We are not forming candidacies here. First, if we believe in polls, the fact is that polls fail to show Ramirez will register a higher preference rating than me. This is a fact. However, this is not the principle that candidacies are built on. The fact that I have a higher preference rating than other companeros such as Sergio Ramirez shows there has been consistency over the years. Nevertheless, it is false that I have a higher rating than Sergio Ramirez. [sentence as heard] One thing is the image we project to the population. There were occasions when Mrs. Chamorro registered higher. But it is another thing when it comes down to whom the people intend to vote for, and here Mrs. Chamorro loses ground. The same thing happens with Dr. Ramirez: He has a high profile, but he also loses ground in the number of people who intend to vote for him.

I repeat that these are not parameters that will define the 1996 electoral slate. I believe the parameters will be determined by a national unity program and platform the FSLN must present to the Nicaraguan people. At that time, we will introduce capable people who will head the slate, thereby guaranteeing compliance with the national unity program. This is why we are attempting to reach an understanding, an agreement, and even an alliance with the many socioeconomic sectors of our nation. In other words, we want to strike an alliance with producers, businessmen, and workers. Here, we are talking about COSEP [Higher Council of Private Enterprise], which is a very powerful sector within Nicaraguan society. We are willing to broaden our negotiations and exchange of ideas with COSEP and to reach an agreement to strive for our country's stabilization to ensure that a future government will indeed have a national consensus—a consensus among producers and workers.

[Reporter] Commander, do you want to fire Carlos Fernando Chamorro?

[Ortega] Excuse me?

[Reporter] Do you want to fire Carlos Fernando Chamorro?

[Ortega] He has worked for BARRICADA for 14 years. I believe the main issue at stake here is that no one should cling to a post. I believe no one should hold any position forever. There must be a willingness to renew and strengthen FSLN organizations. However, we are not promoting a policy of firing anyone, and we are not firing anyone.

[Reporter] Are there any changes planned in the National Directorate?

[Ortega] This is not a topic we are currently discussing within the National Directorate.

Panama

Banking Commission Head on U.S. Move To Lift Secrecy

PA0206011894 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Jun 94

[Report by Alvaro Alvarado from the "RPC Television News" newscast]

[Text] National Banking Commission [CBN] representatives have indicated that the CBN is still unaware of any specific measures the U.S. Government intends to

take in terms of banking secrecy in Latin America. A proposal to implement such measures was mentioned during a recent meeting between representatives of the U.S. Government and the Andean Group member-states—namely, Ecuador, Venezuela, and Colombia. The U.S. plan is designed to get Latin American nations to allow the United States to conduct all types of investigations into regional banking matters.

Meanwhile, CBN President Olga Arosemena de Guizado has indicated that current banking secrecy regulations in Panama do not pose any obstacles to such investigations.

[Begin Arosemena de Guizado recording] At this time, any duly authorized representative of a foreign government can come to Panama and officially request, through the relevant national authorities, an investigation into any crime without having to breach so-called banking secrecy rules. [end recording]

Unfortunately, according to the CBN president, any bank in Latin America can be used to launder money. The CBN is currently installing modern computer equipment that will allow it to better monitor deposits made in the country's banks.

[Begin recording] [Arosemena de Guizado] What we could have is a client who would go to one bank and deposit 5,000 [currency not specified], and then go to another and deposit another 5,000, and so on, and so on.

[Alvarado] [Words indistinct]

[Arosemena de Guizado] In such a case, we would never know for sure whether this company is the same one that deposited the same amount in another bank. These kinds of situations could take place. [end recording]

The modern computer equipment currently being installed was donated by U.S. AID at a cost of $100,000.

Argentina

Israel's Peres Visits, Meets With Menem

TA0206062294 Jerusalem Qol Yisra'el in Hebrew 0600 GMT 2 Jun 94

[Text] Foreign Minister Shim'on Peres spent a lightning, four-hour visit in Buenos Aires last night. The foreign minister conferred with Argentine President Carlos Menem and briefed him about the autonomy agreement with the Palestinians.

After the meeting, Minister Peres told reporters that Israel has evidence that a foreign country was involved in the explosion at the Israeli Embassy in Buenos Aires two years ago. He added that Israel will publicize the details after it completes its investigation into the incident. Twenty-two people were killed and many wounded in the explosion.

Minister Peres also denounced the continued presence of Nazi criminals in Argentina.

Strikes Continue in Tierra del Fuego

PY0206014094 Buenos Aires LA PRENSA in Spanish 1 Jun 94 p 2

[Text] The Tierra del Fuego Province metalworkers' conflict has deteriorated to an even greater degree following the unexpected break in the negotiations and the entrepreneurs' decision to send telegrams warning workers of their dismissal if they fail to show up for work. Yesterday picket lines prevented the entry of workers to factories, and cut access roads to the industrial area. Metalworkers Union [UOM] leaders, meanwhile insisted:

"We will continue the strike to its last consequences. If the government or the police repress our activities we will answer back just as harshly."

The attempt to find a solution to the conflict between workers and entrepreneurs failed yesterday morning following eight hours of negotiations at the Labor Ministry. Last night entrepreneurs agreed to pay according to coefficient three [reference unknown], but gradually and over a three-year period. The UOM rejected the offer. The Labor Ministry then proposed reducing the period of implementation of the coefficient three proposal, and established a period, to be determined by compulsory arbitration, during which coefficient three would remain in effect. The UOM also rejected this offer.

Marcelo Sosa, UOM Ushuaia branch secretary general, explained the reasons for rejecting the entrepreneurs' proposal: "The offer presented by entrepreneurs is way below what workers want. The proposal is unacceptable."

Sosa announced that "the strike will continue until progress is made and until entrepreneurs rehire dismissed fellow workers." Sosa also criticized factory managers. He said managers' arguments "are arbitrary" and "the only thing they want is to wear out the determination of our fellow workers who remain on strike." Sosa also blamed entrepreneurs for "breaking the compulsory arbitration by dismissing 127 fellow workers."

The failure to find a negotiated solution generated strong tensions in the province almost immediately. Entrepreneurs sent 2,500 telegrams warning workers to show up for work or face dismissal. In the morning, however, picket lines prevented the entry of workers who showed up for work. Philco and Sanyo personnel who showed up for work were transported in company buses to the plant for the first shift, which was to start at 0600. But the group of workers who had been camping in front of the factory since the beginning of the strike surrounded the bus, shouting:

"Go back, strike breakers."

A second group of strikers cut the road leading to the industrial area and forced all other buses to return to the city. Company directors filed a complaint at the police department immediately afterward. Sanyo Industrial Director Fernando Nott said "activists organized their move hours before the buses went to pick up workers." Nott asked "the police and other provincial authorities to take the necessary measures" to guarantee "the safety of people who want to work."

At that hour the possibility of returning to the negotiating table to try to find a solution to the conflict looked impossible. Pedro Waisman, president of Tierra del Fuego's Industrial Union, commented: "The problem started as a labor and economic conflict, but it has now turned into a political and ideological problem." Waisman warned: "These activists have all been identified. The police and government must act immediately to reestablish social peace and permit workers to return to work on the island. You cannot work with strikers' picket lines threatening women and children and breaking everything."

Workers denied this statement. They denied "the existence of active picket lines," explaining: "Buses carrying workers gave up the idea of entering the factory zone because they considered conditions to be inappropriate for production." The UOM held a general meeting and decided to challenge the threats of massive dismissal and the possibility that the strike be declared illegal. They decided to continue their indefinite strike, which has already been in effect for 17 days.

Angel Valle, assistant UOM Ushuaia branch secretary general, said:

"We are going through a grave crisis. We need concrete government answers. The only thing the government has given us is repression."

In Buenos Aires, meanwhile, Labor Secretary Carlos Etala said entrepreneurs will be able to dismiss workers

"with just cause" if they continue their strike. Etala said the dismissals "will be legal because the union disobeyed the order for compulsory conciliation, and did not return to work." The Labor Ministry has been delaying the decision to declare the strike illegal, despite the fact that it is technically able to do so, because it is trying to find a negotiated solution to the conflict. Yesterday Economy Minister Domingo Cavallo, Labor Minister Armando Caro Figueroa, Interior Minister Carlos Ruckauf, and Presidential Secretary General Eduardo Bauza met to analyze the situation.

Bolivia

Foreign Minister Says U.S. Agreements 'Vital'

PY0106234794 La Paz PRESENCIA in Spanish 26 May 94 p 1

[Excerpt] Foreign Minister Antonio Aranibar Quiroga said yesterday in Sucre that the agreements between Bolivia and the United States are vital for the progress of the nation. He also promised that the new extradition treaty being negotiated with that country will be based on international law and sovereignty.

He said: "An extradition agreement with the United States is essential, because a country like ours cannot escape from international juridical cooperation at a time when interdependency is the signal in all fields." He explained that the new extradition treaty will be based on "mutual interests."

Aranibar was asked if during his administration there had been U.S. Embassy interference in the country's internal affairs. His answer was: "You (reporters) have as many elements for judgment as I do in order to evaluate that." [passage omitted]

U.S. Involvement in 'Political Plot' Viewed

PY0206014194 La Paz PRESENCIA in Spanish 24 May 94 p 5

[Text] The Bolivian Armed Forces command yesterday reported on an alleged political plot against the military institution and denied that the high command and the executive branch are planning to "relocate" a large portion of its troops.

The Armed Forces issued a communique in which they warn that alien interests seek to discredit the high command and to create an appropriate climate to eliminate the institution. They assert that this will not be allowed to happen.

Information disclosed yesterday states that military and executive branch authorities, in complete secrecy, discussed the alleged plan to "drastically reduce" the number of troops and that this initiative is allegedly supported by the U.S. Embassy.

The alleged plan would have the financial support of the U.S. Government and would allegedly seek to convince officers and soldiers to accept a "voluntary retirement" through the payment of illegal bonuses, like the procedure used to "relocate" thousands of workers.

The Armed Forces command, after regretting the spreading of distorted information, states: "The military career is based on a strong professional desire to serve the nation, a task which is fulfilled with dignity, based on honor and respect, whose strength even contemplates sacrifice if circumstances so demand."

The communique adds: "In our capacity as the main protagonists for the creation of the fatherland, our fate is linked to that of the nation and no misinterpretation or political plot will threaten our existence because the Armed Forces' noble mission cannot be modified or distorted."

The Armed Forces communique continues: "Despite this concealed provocation, which has the evil purpose of discrediting the high command by accusing it of being aware of such an ignoble plan, we clearly state that we will loyally fulfill our commitment to preserve dignity and institutional integrity."

Admiral Julio Molina, the Bolivian Navy commander, minimized the press report, stating: "I don't know anything about a plan of this sort, moreover, that information is not explicit because it does not mention a source."

Molina added: "This sort of information must be investigated and documented by the media because if not it will cause unrest in any involved institution."

Other military high command sources stated: "The information is completely false and designed to cause problems for the government. It creates false expectations among officers and sergeants due to the irresponsible mention of alleged economic compensations. The military high command never discussed or talked about such a proposal."

More than two years ago the Armed Forces command ordered the compulsory retirement of some 600 civilians, which is the most recent rationalization of the military institution's personnel which, at that time, was interpreted as the beginning of a gradual process to establish "a smaller but more efficient and operative Armed Forces."

At that time the military authorities rejected rumors and justified the measure by pointing out "it was just an administrative measure that by no means represented the beginning of a process to purge military personnel."

FIDES NEWS AGENCY states that the U.S. Embassy has said that "the decision to determine the size of the Armed Forces belongs to Bolivia," and denied exerting any pressure to reduce the number of troops.

U.S. Embassy officials have stated: "The United States does not have any financial plans regarding an alleged reduction by paying Bolivian officials to retire."

The diplomatic authorities recalled that Barry McCaffrey, commander of the South Command headquartered in Panama, paid a protocol visit in March. When consulted about the reduction of the Armed Forces in Latin America, he answered: "I cannot imagine anything more unlikely. High-ranking U.S. leaders are aware that security in Latin America relies greatly on having Armed Forces that are strong, disciplined, subordinated to the civilian power, and that act within the framework of the law."

President To Attend Ibero-American Summit

PY0206032394 La Paz PRESENCIA in Spanish 24 May 94 p 7

[Text] Foreign Minister Antonio Aranibar yesterday announced that President Gonzalo Sanchez de Lozada will travel to Colombia on 14 June to attend the Fourth Ibero-American Summit, which is to be held in Cartagena.

This will be the first time Sanchez de Lozada will attend this forum, at which 23 presidents and chiefs of state from the continent and Spain meet every year. The summit will last two days.

This year the main subject of the summit will be regional trade and democracy. The first meeting was held in Guadalajara, Mexico. Four years ago Bolivia was represented by Jaime Paz Zamora, who was president at that time.

Aranibar also announced that Bolivia will send a representative to an international meeting to be held next week within the framework of the OAS annual forum, where countries of the continent will assess the progress made in the struggle against drug trafficking and the cooperation between countries to face this crime.

COTEL El Alto Regional Office Bombed

PY0206032894 Santa Cruz EL MUNDO in Spanish 27 May 94 p 1

[Text] La Paz—Colonel Jose Baldivieso, commander of Police Radio Patrol Unit 110, has confirmed a bomb attack against the premises of the La Paz Telephone Cooperative (COTEL) regional agency in El Alto.

The explosion caused only minor material damage connected with the shattering of window panes in the building and in others located on 12 de Octubre Street. No casualties were reported.

Baldivieso said that investigations have been started to determine the type of bomb used and who staged the attack.

The explosion did not hurt any COTEL personnel, as they are on a higher floor of the building. Engineer Roberto Garcia, who is in charge of the office, and a security guard were at the building at the time of the attack, but neither of them was hurt.

Brazil

Franco Vetoes URV Law Article, Upsets Ruralist Bloc

PY0106225694 Sao Paulo FOLHA DE SAO PAULO in Portuguese 31 May 94 Section 1 p 9

[Text] Brasilia—President Itamar Franco has broken an agreement signed earlier with the ruralist bloc in Congress to secure approval of the economic plan. He has done this by vetoing a paragraph of a law providing that the same index be applied to adjust agricultural loans and agricultural minimum prices.

The presidential veto, which has upset the ruralist leaders in Congress, affects Paragraph Two of Article 16 of the Real Value Unit [URV] Conversion Law.

Deputy Nelson Marquezelli (PTB-SP) [Brazilian Labor Party-Sao Paulo], chairman of the Agriculture Committee at the Chamber of Deputies, said: "We found out that Bacha is the one giving orders within the government."

Marquezelli was thus referring to Finance Ministry special adviser Edmar Bacha, who had negotiated with the ruralist bloc members and who had resisted until the last minute the changes proposed by the lawmakers.

The ruralist bloc consists of nearly 130 congressmen of various parties who normally vote as a bloc on matters of interest to their sector.

The ruralists demanded that the same index be applied to adjust both agricultural minimum prices and loans in order to stop them from blocking the approval of the government's economic plan.

Marquezelli said the rural bloc will mobilize to override the presidential veto.

Marquezelli added: "The government is represented by its leader, but it does not honor the commitments he makes." Luiz Carlos Santos (PMDB-SP) [Brazilian Democratic Movement Party-Sao Paulo], the government's leader in the Chamber of Deputies, was responsible for striking a deal with the ruralists. FOLHA yesterday unsuccessfully tried to find Santos to hear his comments.

Marquezelli wants to have the veto overridden already in June. He said he will seek to mobilize congressional leaders beginning next week.

In light of the president's decision, the law goes into effect but the vetoed articles are returned to Congress to be discussed by the legislature. They will be included in the "list of vetoes."

An absolute majority of the Chamber of Deputies (252 votes) and of the Senate (41 votes)—in a joint session—is required to override a presidential veto.

Based on a justification of the veto drafted by the Finance Ministry, the government contends that the wording of the law violates "a precedent set by the Federal Supreme Court that rejects any breach of contract."

Presidential Note Discusses New Currency

PY0106181994 Sao Paulo AGENCIA ESTADO in Portuguese 0127 GMT 1 Jun 94

[Report: "Stability and Confidence" by President Itamar Franco]

[Text] Brasilia, 31 May (AE)—We are not far off from creating a strong, stable, and new currency as a result of an economic stabilization plan characterized by its scope and its democratic nature because it involves Congress and society as a whole in its formulation and its careful and gradual implementation.

Inflation, which in the past was used by successive Brazilian Governments as an instrument for development, has surpassed any type of control that can be applied and has turned into the main factor strangling our economy, thus seriously and adversely affecting productive investment and, consequently, the generation of jobs. At the same time, inflation feeds financial speculation that in turn generates unproductive profits and concentrates, in an intolerable way, income, thus demoralizing the traditional values of work, savings, planning for the future, and social solidarity.

Today we are clearly aware that chronic inflation is the major obstacle the country has to fight in order to return to sustained growth and to correct the immense social distortions we are suffering. We also are fully aware that inflation seriously and inhumanely affects the poorest, the salary earners, and those who have no protection against price runs and the erosion of salaries. The results of years of chronic inflation can be seen in the low efficiency of the state, in its incapability of furnishing basic services, investing in infrastructure, and helping to improve the country's social indicators, especially in education, health, sanitation, and housing.

Past governments tried shock treatments with measures that surprised the people and even included the temporary confiscation of savings. This shock treatment generated the passing impression that inflation was under control, but in the end it accelerated inflation even more, provoking new distortions and a lack of confidence. Those plans contained several fundamental factors for stability such as balancing the budget and the adjusting of the country's external debts that were not implemented, thus thwarting the illusory results that were obtained.

We now are going to try a new and gradual formula, without apprehension, without surprises. In the first place have created the conditions to reach a fiscal balance. We then implemented a formula to free the economy from indexation and at the same time we re-established the comparability of prices; we have created a single index that is being applied to all prices—rates, goods, and fiscal services. And it will not be until July that we will issue the new currency, the real, which will replace the cruzeiro real, and it will generate more rigorous rules pertaining to monetary and exchange policies and to guaranteeing stability.

The plan's gradualism will allow us to help its evolution by making the necessary corrections and in helping the population and economic agents adapt to the prospects of an economy with a low inflation rate, in which production is given incentives, salaries maintain their purchasing power, and with stable prices. We are close to making the decisive step with the creation of the new currency. Thus this government can pass on to its successor, no matter whom, a country with a stabilized economy. We also are prepared to implement some structural reforms in order to guarantee this stability in the long term and to ensure that the sustained economic growth is socially efficient.

Thus, Brazil will consolidate as a great nation and as an important international interlocutor. It is in our hands to make this hope a long-term reality as of 1 July.

Economists: Economy Growing Despite Inflation

PY0106202794 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 May 94 p B1

[Article by Fabio Pahim Jr.]

[Text] The Brazilian economy is achieving an breakthrough: It has recovered over the past seven quarters despite ever-increasing inflation which has doubled its monthly rate over the past 2 years. Through alternating short-term low periods and strong high periods, the economic activity has come out of the hole it dug in the third quarter of 1992, although it has not grown evenly and does not have a guaranteed future.

Economist from the most diverse backgrounds have stressed that this year the GDP will grow between 3 and 5 percent compared to 4.96 percent in 1993. The next president, who will inherit fiscal and monetary stability, will have to determine in 1995 whether the process continues. The drop in production and sales that began last month is seen only as a "recessive splutter" by Antonio Barros de Castro of the Industrial Economy Institute of the Federal University of Rio de Janeiro.

Claudio Considera, director of the Applied Economic Research Institute (Apea), stressed that "the first quarter's figures surprised us." During the January-March period the GDP grew by 4.3 percent compared to the same period in 1993 and could close the first half of the year at 3.6 percent. Some $25 billion was added to the economy in 1993, in other words, growth in Brazil is half as much as in Venezuela or Peru.

The start of a long-term growth cycle has not been confirmed by economists like former Central Bank President Alfonso Celso Pastore or Mappin Company President Carlos Antonio Rocca. Pastore said: "We do not see an overall warming: Some sectors have high growth while others have low growth; some sectors have strong demand while others have less demand." Rocca believes negative factors like low exports and high interest rates force the market down, thus counterbalancing positive factors like increases in investment. During the first quarter, the Ipea noted a rise last year in the Gross Development of Fixed Capital from 15.2 percent of the GDP to 16.2 percent.

"Growth is sustainable when there is investment," stressed Considera, a specialist economist in national accounts. Rocca added: "Foreign capital assets are growing at more than 20 percent while private investment, like civil construction, is also growing."

Paulo Rabello de Castro, chief editor of the magazine CONJUNTURA ECONOMICA of the Getulio Vargas Foundation [FGV], said: "Recovery is a fact." Rabello de Castro has said that this recovery is due to the strength of the private productive system.

Investment must be attracted if this recovery is to be sustained. Today Brazil is investing some $74 billion, but to grow at 3.7 percent per annum another $30 billion per year is needed, and we must even try to surpass this sum of $104 billion per year, according to Economist Geraldo Gardenali, professor of the FGV-Sao Paul. He said: "These resources must come from the public sector in the form of increased efficiency and from the external sector."

Increased productivity was decisive for recovery. Maria Helena Zockhun, a researcher at the Economic Research Institute Foundation-University of Sao Paulo (Fiepe-USP), has said: "Industrial prices dropped by a real average of 3.2 percent in 1993 when compared with 1992." Production per hour in Sao Paulo in 1993 increased by 11 percent.

Projects for 1994.

How the economy must grow:	
GDP growth	3 to 5 percent
Industry	2 to 5 percent
Agricultural sector	6 to 7 percent
Public deficit (operational)	0 to 3 percent
Monthly inflation rate (as of July)	0 to 8 percent
Exports	$39 billion
Imports	$26 billion

Sources: Issue No. 13 of INDICADORES ANTECEDENTES; Paulo Rabello de Castro, Antonio Barros de Castro; Claudio Considera (Ipea), and Geraldo Gardenali.

Recovery.

How industry is recovering:	
Item	Growth 1st Quarter 94/1st Quarter 93
Average salary	+ 5.2 percent
Unemployment Brazil-IBGE (1)	5.46 percent of the PEA [economically active population] (5.88 in 1993)
Industrial production per hour-FIESP [Sao Paulo State Federation of Industries]	+ 2.5 percent
Industrial prices	-4.6 percent
Physical production-IBGE	+ 8.1 percent
Physical production-FIESP (INA) [Industrial Activity Index]	+ 2.7 percent
Export of manufactured goods	-3.8 percent
Commercial sales (2)	+ 12.0 percent

(1) First 2-month period; (2) First 4-month period.

Sources: IBGE [Brazilian Institute of Geography and Statistics]; FIESP; FCESP [Sao Paulo State Trade Federation]; Seade Foundation; Macrometrica; and Maria Helena Zockun.

Economic Growth Resumption Viewed

PY0106214594 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 May 94 p B4

[Article by Fabio Pahim Jr.]

[Text] The record figures attained by industries like the car industry and the recovery of the house appliances industry are signs that the economy is progressing very well. "This year's performance is better than expected," said Roberto Caiuby Vidigal, president of the Confab [National Brazilian Steel Forging Company]. "For the first time in recent years the capital goods sector is registering an increase, and the continuation of this increase will depend on the next president," he added.

The idle capability of the capital goods sector is still considerable (nearly 46 percent) but the amount of new projects is also considerable: At the beginning of the year the Brazilian Association for the Development of Basic Industries (Abdib) estimated there were $38 billion worth of investment projects requiring capital goods, engineering services, construction, and assembly. An Abdib bulletin released this month states: "From the first quarter of 1993 the investment rate and percentage variation of Fixed Capital Gross Formation [Formacao Bruta de Capital Fixo] that had accumulated during the four previous quarters began to climb, thus reverting the negative trend of 1991 and 1992."

The number of new factories (industrial plants) still remains small, as in the case of Cenibra [Brazil-Japanese Cellulose Corporation] [sentence as published]. Companies are, however, investing in productivity, quality improvement, and the environment. Caiuby said that Confab earned 20 percent of its sales in a bad year from the sale of $14 million worth of dust-removing systems

for Usiba [Bahia Iron and Steel Mill] and Acesita [Itabiera Special Steel Company]."

The largest steel distributor in the country, Rio Negro company increased its sales of sheet steel by 34 percent during the first quarter compared to the same period in 1993. During the first quarter of 1994 Usiminas, Cosipa, and CSN [National Iron and Steel Company] produced 1.616 million tonnes of sheet steel, some 21.7 percent more than the 1.330 million tonnes produced during the same period last year. The 286,000-tonne increase relates to the direct consumption of the car industry for four months," said Loureiro [not further identified]. "Consumption has dropped since April but will increase with the implementation of the real," he foresees.

Faced with a favorable international market, coffee producers are experiencing an exceptional moment. Luiz Suplicy Haffers, the vice president of the Parana Coffee Association, has said that coffee is quoted at $130 per bag. Brazil produces 22 million bags, which totals $2.4 billion. This is more than was obtained in 1993 when the Brazilian production of 25 million bags realized $1.65 billion at an average price of $66 per bag. Exports this year may range between $1.8 billion and $2 billion compared with $1.064 billion in 1993. Considering the record harvest figure of 76 million tonnes of grains expected for this year, the farming GDP is estimated to rise to 6.6 percent this year. This has prompted an increase in tractors and machinery sales.

Carlos Eduardo Moreira Ferreira, president of the Sao Paulo State Federation of Industries (FIESP) has said increased investments are essential for long-term economic growth. He said: "There are a lot of people waiting to invest and the scene will be better defined after the elections," adding, "in the electricity field, foreign businessmen seek us out, offering to invest—which has not happened for years." They want to invest in mills like Serra da Mesa and in the privatizations of Light [Power Services, Inc.] and Escelsa [Espirito Santo Power Plants, Inc.].

Moreira Ferreira said: Industrial production dropped in April "but recovery is possible," adding, "the outlook is neither over optimistic or pessimistic." He considers the increase of the real salary value by 5.4 percent in April as healthy. The economic recovery during the second half of the year depends on the success of the Real Plan. "July will be the decisive month," he said. Moreira Ferreira is optimistic over the economic plan and praised the finance minister's "firm attitude" in rejecting salary increases for public and state company workers and his presidential support for the Federal Revenue Office, which created a favorable atmosphere for economic expectations. The FIESP president still has some reservations over the policy of "very high" bank interest rates and over state banks. He said: "They may increase the public deficit." The reduction of import tariffs has created difficulties for Brazilian industries.

Debt Payment Terms With 3 Debtor States Sought

PY0206000194 Sao Paulo GAZETA MERCANTIL in Portuguese 27 May 94 p 19

[Article by Maria Clara R.M. do Prado]

[Text] Brasilia—The Brazilian Government is negotiating debt payment terms with three debtor countries—Bolivia, Guyana, and Mozambique—to enable them to make their payments through "swap" [preceding word given in English] operations using U.S. Treasury long-term "zero coupon bonds" purchased on the international secondary market.

Based on existing agreements, those countries are paying their debts using Brazilian foreign debt titles purchased on the secondary market. They thus obtain a large discount by passing old debt papers to the Central Bank with a previously negotiated discount, which is normally below market prices.

But the foreign debt agreement reached between Brazil and the international creditor banks states that restructured debt bonds cannot be negotiated on the secondary market for at least two years, this being the "phase-in" [preceding word given in English] period for making an additional guarantee contributions. Renato Naegle, Seplan [Secretariat of Planning and Coordination of the Presidency of the Republic] financial affairs general coordinator, has said Brazil will have to renegotiate "swap" agreements with the three debtor countries.

Negotiations with Bolivia, which owes Brazil $70 million, have developed to the point that it will be able to use the U.S. "zero coupon bonds" to repay its debt.

Mozambique's debt is larger. The original agreement was reached in June 1992, involving the repayment of nearly $325 million over 12 years. Another $300 million debt depends on defining a new "swap." The case with Guyana is more simple because its last repayment installment falls due in September.

Before the new foreign debt agreement, Brazil reduced its debt by $1.3 billion through "swap" operations. The first country to use this kind of operation was Paraguay which paid off its debt.

The International Affairs Secretariat [Secretaria de Assuntos Internacionais, Seain] has stated that on 31 March, Brazil had credits with the governments of 39 Third World countries. They amounted to $5.588 billion, plus $864.3 million with private debtors from several countries. To these figures we must add $1.490 billion in Bank of Brazil credits that are being renegotiated with debtors through the Foreign Credits Evaluation Committee [Comite de Avaliacao de Creditos ao Exterior] (Comace). Most of these credits involve foreign trade operations contracted through the former Finex [Financing and Export Fund] or the present Proex [Export Financing Program].

The situation of the six main debtor governments is as follows:

Poland—Payments are being made on schedule. Its debt was rescheduled within the Paris Club framework. As of last March it owes $3.7 billion, of which nearly $1.2 billion is contracted with the Bank of Brazil.

Angola—The second largest debtor; owes Brazil nearly $800 million. It did not comply with the additional agreement it reached with Brazil in 1991 because of the internal political problems and the 1992-1993 civil war. A Brazilian mission is currently visiting Luanda, holding talks to reach a new agreement.

Peru—This country reached a bilateral agreement with Brazil in 1987 and it is paying on schedule. Peru owes Brazil nearly $390 million.

Mozambique—This is the fourth largest debtor and its $300 million debt will be renegotiated between the two governments during the first half of June, to include "swap" operations.

Ecuador—This country owes Brazil nearly $280 million and is paying on schedule.

Argentina—The Argentine Government debt with Brazil totals about $220 million and payments are being made on schedule without any problem.

Nigeria—This country owes nearly $40 million to Brazil. Its debt was rescheduled within the Paris Club framework, but the Nigerian Government has not been able to pay because it does not allow payments by private creditors in Nigerian currency.

Cuba—The Cuban Government's debt with Brazil is small: $5 million. This debt is being negotiated within the terms of a trade deal that foresees the purchase by the Brazilian Government of Cuban medicines for an initial amount of $30 million. The agreement foresees that the Cuban debt will be deducted from the Brazilian payment for Cuban products.

Seain Secretary Mauro Marcondes Rodrigues recalls that in January 1991 the overdue debt by Third World countries with Brazil amounted to 75 percent of the total debt; this has dropped to 12.9 percent. The overdue debt from the private sector of those countries is still high: 73 percent. Marcondes Rodrigues has said Comace must now concentrate on recovering the credits Brazil granted to the private sector of those countries.

Agreement Reached With Cuba To Amortize Debt

PY0206014394 Madrid EFE in Spanish 2221 GMT 1 Jun 94

[Text] Brasilia, 1 Jun (EFE)—Sources at the Cuban Embassy in Brasilia have said that Cuba will amortize $38.3 million of the debt it owes Brazil with medicines for the Brazilian public health sector, based on an agreement negotiated by the governments of the two countries.

The Brazilian and Cuban Governments recently negotiated a new medicine deal worth $15 million, of which 50 percent will be used for amortizing debts. Another $15 million transaction will be concluded in the immediate future.

Land Occupations Conducted by 'Professional Militants'

PY0106123594 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 May 94 Section 1 p 7

[Article by Gustavo Krieger]

[Text] The land occupation operations conducted by the Landless People's Movement [MST] are headed by professional militants trained by the organization.

Ailton Kroda, who coordinated the land occupation operation at Lagoa Vermelha (RS) [Rio Grande do Sul State], is a veteran in this sort of activity.

Kroda already has participated in six land occupation operations. He admitted to this newspaper that he already has received a lot of land but continues "to help the movement."

The MST leaders receive political training. The MST has linked up with CUT [Sole Workers Center] and Catholic Church groups to create a training center at Braga (RS).

Officially, this center is an agricultural technical school—the Foundation for Educational Development and Research [Fundacao para o Desenvolvimento Educacional e Pesquisa—Fundep].

The 80 students enrolled at Fundep per year are recommended by the MST and CUT. Their ages range from 14 to 18.

In the morning they have normal classes. In the afternoon they till the land. At night they receive political training.

The MST "indoctrination copy books" are supposedly didactic material, but they contain biographies of revolutionary figures such as Che Guevara and a "calendar of people's struggles."

Jose Adelmar Batista, one of three Fundep coordinators, says the political training's objective "is to teach the students to question unfairness and get organized to fight it."

Company To Build PRC Hydroelectric Plant

PY0106123094 Rio de Janeiro O GLOBO in Portuguese 31 May 94 p 26

[Text] Belo Horizonte—The Mendes Junior Construction Company has won an international bid to build the

TSQ-1 hydroelectric plant on the Nanpan River in China. At an estimated cost of $300 million, the power plant will produce 1.2 million Kw. It must be completed within 64 months. The Mendes Junior Construction Company won the bid through a joint venture [preceding two words in English] system with the Chinese company Jiangnan Water Resources & Hydropower Construction Corp.

This is the first project contracted with a Brazilian company in China. In total, the Mendes Junior Company has 130 projects contracted in our country, at an estimated cost of $1.8 billion, and nine projects contracted abroad, not counting the bid won in China.

U.S. and Japanese companies participated in the bid. The Chinese Energy Ministry is responsible for contracting the successful consortium named South China Hydropower Construction Association. Most of the funds will be supplied by the Chinese Government. The OECF (a Japanese fund) also will be involved.

It is believed that the hydroelectric plant, scheduled for construction on the Nanpan River on the Guizhou Province-Guangxi Province border in southwest China, is essential to increase China's power output. China now has a power output deficit of about 50 percent.

The TSQ-1's power will mainly be distributed to the new industrial belt of Guangzhou (Canton). According to Nilton Marchetti, the Mendes Junior Asia Division manager, the company will send at least 30 technicians to manage the project.

PT's Lula Views Economy, Government Price Control

PY0106225894 Sao Paulo AGENCIA ESTADO in Portuguese 2125 GMT 31 May 94

[Text] Brasilia, 31 May (AE)—Workers Party [PT] presidential candidate Luiz Inacio Lula da Silva today defended the idea that the government must control prices and speculators. He said he is against price freezes, but in favor of price controls like those adopted in First World countries such as Italy and the United States. "There will be no price freeze, but the government will do its best to prevent abuse," he said. He added that the National Supply Superintendency or any similar organization will be very active if he wins the elections.

Lula said that one of the first steps his administration would take would be to summon businessmen who failed to pay for their taxes and reach an agreement for the payment of their debts. Lula has been told that 50 percent of businessmen have not paid their income tax, their tax on manufactured products, or their debts with the National Social Security Institute. He added that after the debt is rolled on, however, no one will be pardoned. "Currently we have no means of collecting these debts, because if the government now demands that the companies pay their debts the businessmen will have to sell their companies."

Lula added that, as the government also has huge debts, he will propose to the creditor banks the rescheduling of the domestic debt to enable the government to invest about $100 billion per year. According to his evaluations, this amount—plus foreign investment—will allow the country to grow from 5 percent to 7 percent per year. During an electoral rally in the Federal District, Lula said: "Our economists say that the domestic debt is much more serious than the foreign debt." Nonetheless, Brazil's situation is better than that of Italy and Japan. According to Lula, the Brazilian debt represents 34 percent of the GDP, while in Italy it represents 105 percent and in Japan 50 percent.

Lula praised Federal Revenue Secretary Osiris Lopes Filho. He said: "I believe he is a serious person who has good intentions and is trying to put an end to tax evasion." Lula believes, however, that good intentions are all he has, because he does not have the tools to control abuse. "He cannot arrest anyone for tax evasion," he said. He added that he will propose a reduction of taxes, and that the PT is against the provisional tax on financial operations.

If elected, Lula will only send draft bills to Congress after being sure they will be approved. "First, we will negotiate to the point of exhaustion," he said. When the government is sure that it has the majority of votes, it will send the draft bill to Congress, Lula said. He became PT leader in the Chamber of Deputies after being elected federal deputy for the 1987-1991 mandate. The PT fiscal reform could result from constitutional reform or from proposals to amend the Constitution. To ensure the latter, the government will have to count on the support of three-fifths of the deputies and senators—that is, 302 deputies and 49 senators.

Businessmen Nervous Over Possible PT Victory

PY0206031994 Rio de Janeiro O GLOBO in Portuguese 29 May 94 p 3

[Article by Monica Gugliano]

[Text] Brasilia—The fact that PT [Workers Party] presidential candidate Luis Inacio Lula da Silva may be victorious in the elections is robbing many businessmen of their sleep. Will Lula maintain market rules? What will he do with the foreign debt? What would the size of the state be during a possible PT administration? Will he be able to keep control of the different factions within his party? These are some of the questions that concern domestic and multinational companies, which have hired the services of consultants to draw up the profile for a possible PT administration. So far, the forecasts made by the companies are discouraging.

Former Minister Mailson da Nobrega from MCM Consultants said: "We are working on two possible scenarios—one in which there will be a centrist administration, and another one with a leftist administration. The scenario with Lula is the most negative one."

Consultant firms are for the time being betting that the presidential election will be decided between the PSDB [Brazilian Social Democratic Party] candidate, Fernando Henrique Cardoso, and Lula.

Consultant Walder de Goes said: "The succession has already polarized between Cardoso and Lula. All public opinion polls agree with this."

According to the consultants' assessment, Lula's election as president could trigger a flight of capital.

Da Nobrega foresees that "the banks that grant lines of credit ranging from $25 to $30 billion are the very ones on which Lula and his team are threatening to declare a moratorium. If Lula is elected president, those lines of credit will be considerably curtailed."

The reasons underpinning the negative forecasts are manifold, and increase every time Lula changes his remarks and evinces ambiguity in his proposals. The PT platform, for example, proposes the rescheduling of Brazil's external debt. Yet the bankers who have heard Lula and Deputy Aloizio Mercadante [PT-SP] [Sao Paulo] in the United States were concerned.

Da Nobrega stated that "Lula and Mercadante frightened their audience with their ignorance and defiant manner."

Goes said: "The scenario portends difficulties, but if at a certain moment it becomes clear that Lula will win the elections, strategies to adapt to this situation will start to crop up. Nobody wants to destroy the country just because the PT won the elections."

Another great concern is to try to fathom how the different PT factions will behave.

Da Nobrega noted that "the fragmentation of the PT into so many factions gives rise to much confusion. Everybody is convinced that the apparent party union is only geared to winning the elections."

Last week, Lula's remarks to justify the use of a sound truck from the ABC Metallurgic Trade Union for an election rally caused a rise in the temperature of mistrust.

Moreover, among all the negative assessments of a possible PT administration, the forecast that Lula will not have a majority in Congress, and that he will find it difficult to make alliances with other parties, is the one that carries the most weight.

Evaristo Dias, from Santafe Ideias, states that "from an ideological standpoint, there is no concern about Lula's administration. There is, however, real fear, which stems from his remarks rather than from what they represent."

Profiles of Consultant Firms

Rosenberg Consultoria e Associados: Provides analyses and follow-up of macroeconomic and financial projects. Its clients include national and multinational companies such as banks, supermarkets, companies that produce inputs and consumer goods, petrochemical companies, and others. Its chief executive is Luis Paulo Rosenberg, who was economic adviser to Finance Minister Delfim Netto under President Joao Figueiredo [1979-1985] and to former President Jose Sarney [1985-1990].

Early Warning: It does research evaluations and gives advice in political risk analyses, governmental relations, and the political climate for investment. It advises domestic and multinational companies, banks, business associations, embassies, and international organizations on political events and their interpretation and prediction. The director of the company is Alexandre Barros, a political scientist.

MCM Consultores Asociados: It advises Brazilian and foreign clients on economics, politics, and financial markets. It has well-established clients, 75 percent of whom are banks. Its leading executive is Mailson da Nobrega, former finance minister under Jose Sarney.

Santafe Ideias: A journalistic company that provides economic and political information. Its clients include banks, groups of companies, and other consultant and planning companies. Its managing director is Etevaldo Dias, a journalist who was government spokesman during Fernando Collor's administration.

Goes eConsultores Associados: It makes studies of business cycles and structural analyses to provide companies and institutions with information that will help them devise day-by-day strategies. It caters to domestic and multinational industries and financial companies, state governments, ministries, and government-owned enterprises. Its chairman is Walder de Goes, a political scientist and journalist who is professor of political science at UNB [Brasilia University].

Report Details 1989 PT, Leftist Activities

94SM0352A Sao Paulo ISTOE in Portuguese 4 May 94 pp 20-23

[Article by Otto Sarkis and Luiz Antonio Novaes]

[Text] During the 1989 presidential campaign, five of the government's intelligence organs were mobilized to keep tabs on Brazil Popular Front candidate Luis Inacio Lula da Silva. The spies focused especially closely on the most radical groups within the PT [Workers Party]. Coordinated by the SNI [National Intelligence Service] and in cooperation with the secret police services of Argentina, Israel, and England, agents were infiltrated into organizations that had a history of activity in the armed struggle. They kept Planalto Palace supplied with the documents prepared during the campaign. The results of the investigation are found in 154 pages of reports produced by the Alfa 1 Working Group, or GT-A1 as it was known in the business, and obtained by ISTOE on an exclusive basis. In eight months, the SNI listed 17 radical factions housed within the PT, studied the modus operandi of 21 leftist organizations in Latin

America, and identified, among 300 militants, 97 Brazilians who had studied guerrilla warfare in foreign countries.

The documents prepared by the group state the target of the operation, the working rules to be observed by the information analysts, the minutes of the meetings, their final conclusions, and—frequently—refer to internal flaws in the official intelligence system. Begun in March 1989, the spying in the PT was intended to detect the potential for emergence of an armed movement that would seize power in Brazil. On 10 November [1989], five days prior to the first round of voting, the "brain" of the Brazilian espionage effort concluded that although the party was respecting the rules of democracy, the ideological base of the PT was still "orthodox Marxist," founded on the class struggle.

The only reason Lula did not win the support of some people in the top echelon of the government in the runoff election was that the SNI found that he was hostage to radical schools of thought. President Jose Sarney and his minister/chief of the SNI, Ivan de Souza Mendes, were personally at odds with Fernando Collor, who had called the former "corrupt" and Planalto Palace a "den of thieves." The task of collecting and analyzing the information for the GT-A1 was an important factor in the decision by Sarney, General Ivan, and other Planalto aides to cast blank ballots.

Other participants in the investigation besides the SNI were the Intelligence Centers of the Army (CIE), the Navy (CIM), the Air Force (Secint), and the Federal Police's DOPS [Department of Political and Social Order], which was then headed by Chief Amaury Galdino, later the Federal Police director during the Collor administration. After obtaining the reports, ISTOE contacted five high officials in the intelligence community. On Wednesday 27 April, we located the coordinator of the entire operation, Colonel Jose Luis Savio Costa (Reserve), who was then an advisor to the SNI's Central Agency, headed by General Freitas Almeida. Costa confirmed the authenticity of the documents and agreed to talk with this magazine provided that the names of three other SNI agents who worked on the operation were not revealed. Two of them are still in the Intelligence Undersecretariat of the SAE [Strategic Affairs Secretariat], an office linked to the Presidency of the Republic that absorbed what was left of the SNI. On Thursday, 28 April [1994], Galdino told ISTOE that he had attended the first meeting of the five Alfa groups—one from each organ—at which three agents from SIDE [Secretariat for State Intelligence], the Argentina secret police, were also present.

The Alfa groups were initially set up to monitor the risk that disturbances might break out in Brazil similar to the La Tablada armed uprising in Argentina on 22 January 1989, or the *Caracazo*, the popular revolt that occurred in Venezuela that same year. The SIDE agents alerted the Brazilian intelligence community to the possibility that La Tablada had been planned in the zone along the border between the two countries. Two Brazilian sisters had participated in the invasion of the Argentine barracks: Aldira and Celia Pereira Nunes. Aldira died. The Argentines suspected that terrorist Henrique Haroldo Gorriarah Merlo, aka "El Pelado," was behind the attack. He was thought to have masterminded the assassination of Nicaraguan dictator Anastasio Somoza in September 1980, in Asuncion, Paraguay. According to the SNI investigation, El Pelado had made several visits to Praia Grande, on the Sao Paulo coast, between 1968 and 1975. In 1983, he was shadowed in Sao Paulo by Brazilian agents. Besides the Argentine terrorist, a Brazilian—Expedito Carvalho, aka "Paolo Parra"—had been named as one of the leaders of La Tablada.

The reports obtained by ISTOE do not mention those two individuals, since Operation Alfa ultimately expanded to become a meticulous analysis of the groups on the Left, both legal and clandestine, in Brazil. There are, however, references to three other investigations undertaken by the SNI that involved monitoring two terrorists—the "Gringo," "Goiabada," and "Acapulco" operations. The "revolutionary movements" in Latin America, mainly those of Colombia, Peru, Argentina, Uruguay, Chile, Venezuela, and El Salvador, were analyzed, as were their ties to the Brazilian Left.

At that point in time, according to the SNI, the Latin leftists were coordinated by cells established in Nicaragua, Cuba, or Libya. "By then, talking about armed struggle was a thing of the past," Admiral Mario Cesar Flores, now the minister/chief of the Strategic Affairs Secretariat said on Wednesday the 27th. "That's over with. People are no longer being followed around in Brazil for ideological reasons," Flores said. After setting out the rules governing the work routine of the GT's [Working Groups] in a document dated 30 March [year not given] entitled "Analysis of the National Trend (Political Violence)," in which the obtaining of the Argentine information is reported and the British and Israelis are asked to mobilize, the SNI produced, on 18 April [year not given], its first document on the Brazilian "revolutionary Lefts." They are described as more "prudent" organizations—but still fully captive to the "possibility of the eclosion of the armed struggle."

All the documents are written in typical leftist language and that report, for example, studies the existence of the "objective and subjective conditions for revolution." Col. Savio Costa was considered at Planalto Palace as one of the SNI's most well-versed specialists in Marxist theory. Among his recommendations are requests for surveillance of the student movement, the Progressive Church, the actions of labor unions, and the news reporters in the press. In analyzing the possibility that a "charismatic leader" might foster conditions favorable to a "union of the Lefts" and the "armed movement," the SNI is referring indirectly to Lula. It asks that leaders who have that potential be monitored not only in the "political arena" but also in their personal lives. Another

factor uniting the Lefts was the activity of the radical Right. The UDR [Rural Democratic Union] was also closely watched by the SNI.

The Alfa GT listed the following leftist organizations as priority targets of surveillance: the PCBR [Brazilian Revolutionary Communist Party], the PRC [Communist Revolutionary Party], the ALP [expansion not given], the PLP [Progressive Liberal Party], the MCR [Revolutionary Communist Movement], the PRO [expansion not given]—all given top priority. Assigned secondary priority were the Trotskyite organizations CS, ORMD-S, OQI, COT-QI, COT-PT [expansions not given], PORT-P [Revolutionary Workers Party-Trotskyite Faction] and PRT do B [expansion not given]. The PCdoB [Communist Party of Brazil] and the MR-8 [8 October Revolutionary Movement] (neither allied with nor housed in the PT) ranked third in priority. The PCB [Brazilian Communist Party] came last. The 21 leftist organizations in South America, most of them Argentine, were always selected with an eye to their connections with alleged Cuban or Nicaraguan commandos and their possible links to Brazilians. Cuban, Nicaraguan, and Libyan diplomats were also kept under surveillance.

The efficiency of the SNI, capable of listing 97 Brazilians who had taken courses in guerrilla warfare in foreign countries, was only relative. The agency was only able to locate 71 of this contingent in Brazil—26 were still unaccounted for. On 25 September [year not given, photo accompanying article suggests it was 1989], a periodic report expressed regret, for example, that the lack of systematic studies and the absence of a documentation at the Central Agency made it impossible to locate Jose Luiz Del Royo, described as an ex-militant in the ALN [National Liberating Alliance]. The militant not found by the government spies was located by ISTOE on Thursday the 28th [1994]. Now shuttling between Milan and Sao Paulo, Del Royo is a writer and historian. He returned to Brazil in 1979 under the amnesty, and since then has been publicly active, representing Italian social studies institutes.

He voted in all the elections and holds a passport. In 1986, he wrote the book *Historias do Primeiro de Maio* [Stories from May 1], which received plenty of attention in the press. "Now we discover that the intelligence service was working in our favor," Del Royo said, sarcastically. According to him, the DOPS has accurate information on his activities in Brazil. "That means they didn't even cross-check the data," he concluded. In 1982, Del Royo launched a magazine, *Memoria da Historia* [Memoirs of History], in Brazil. His name appeared on the masthead of four published issues. The SNI catalogued that magazine.

According to the regulations governing the work of each analyst, the coordinator of the Alfa GT ordered them to meet daily. On Monday, Tuesday, and Wednesday afternoons the GT-A1 met to read through documents and reassess previous studies to update the information. Thursdays were reserved for evaluations of political developments. Periodically, the Alfa GT's met to exchange experiences. The first meeting of this kind was held on 10 and 11 May [year not given, presumed to be 1989], and the work continued until Collor's inauguration in March 1990.

In another document, of 15 pages, the SNI made a study of the educational and training background of former militants of the Left and their influence on the new members. The organ assessed the various factors that led these militants to get involved in the armed movements starting in 1964. In 1989, the SNI perceived that those militants were more influential and more careful: "So, they had progressed from the impetuousness of adolescence to maturity and, although not as vigorous physically, had gained greater cultural and political leverage."

[Box p 21]

"There Have Always Been Moles"—The Boss of the Spies Talks About His Work

The coordinator-general of the spying operation against the PT and its radical factions, Col. Jose Luis Savio Costa, 61, who recently underwent a triple bypass, subscribes to official party publications and buys books on Marxism. Currently he is reading Jurgen Habermas's *Necessidade de Revisao da Esquerda* and *Anatomia da Esquerda Universal*, by Ferenc Feher and Agnes Heller [original titles not given]. In the reserve since 1990, married, four children and five grandchildren, he is setting up a property security company in Brasilia. Following are highlights from the interview he gave ISTOE at his home.

[ISTOE] Do you know whether the intelligence organs still have undercover agents in the PT?

[Savio] There will always be infiltrators whenever you have a radical group, provided the service is an intelligence service. People were not planted in the PT, but in the illegal organizations that existed within the PT. We had people in the PCBR, the old ALN, in the MRC, the PRC—organizations that had blended into the factions in the PT.

[ISTOE] And what is the situation now?

[Savio] I am out of that so I don't know, but if some agency thinks a party is capable of putting the democratic state at risk, it will inevitably try to infiltrate that party. I think that right now, the *Causa Operaria* [Workers' Cause] is an illegal party. It was expelled from the PT and is acting without recognition. There may be some "moles" in Causa, but it is a very closed group, one with tight security because it is small.

[ISTOE] Did the SNI infiltrate people into the Sixth National Meeting of the PT, in 1988, the last one of your era? How did it do so?

[Savio] Yes, by issuing them credentials as if they were state representatives.

[ISTOE] And now, do you think there were "plants" at the Ninth meeting?

[Savio] There is no need now, everything is open.

[ISTOE] Were the PCB and PCdoB also infiltrated in 1989?

[Savio] Traditionally the PCdoB was infiltrated.

[ISTOE] And now?

[Savio] Now there are friendships between former members of the enforcement agencies and the subversives. They talk about ideology.

[ISTOE] Is there any way for the intelligence organs to go back to the former "moles" and get them to spy on the Left?

[Savio] They know there are plenty of shameless moles out there. That has always been true.

[ISTOE] Does the SAE have that list of moles?

[Savio] I don't know, the SAE did not inherit all the SNI's material. A lot of things were neutralized during the transition. A lot of people, disgusted with the way things were done, ruined the documents so they could not be used.

[ISTOE] In your opinion, is the PT still a revolutionary party?

[Savio] It is not I, but the PT's own documents, that say so. The party is based on the class struggle and it wants to achieve as nonviolent an institutional breakdown as possible.

[ISTOE] Does the PT pose a threat to democracy?

[Savio] I am not afraid of the PT, but of its radical factions. My greatest fear is that the election campaign will become hardened, so that the radical groups that thought they saw victory at hand might then lose hope and start doing things that threaten the institutional order.

[ISTOE] If you were in the SNI, would you suggest that a group shadow the PT?

[Savio] There should be a group that would monitor the election situation for signs of potential political violence and take action to prevent evolution of the problem.

[ISTOE] Do you think such a group is being readied?

[Savio] I don't know. The suspicion that hangs over the intelligence organs is preventing them from acting. That was set up, a campaign that turned out right [sentence as published]. Despite that, Jose Dirceu *(a federal deputy and PT candidate for governor of Sao Paulo)* is interested, excessively interested, in intelligence and is capable of organizing a system for the PT.

[ISTOE] Do you think the PT has a functioning SNI of its own?

[Savio] I think there are a lot of PT spooks [*petepongas*] out there.

[Box pp 22-23]

Spooks in the Backlands—The Service That Did Not Predict Its End Now Works on Droughts

Except for the building and the idiosyncrasies typical of any intelligence service, such as a mania for security, little or nothing remains of the old SNI. In its heyday, the "Service," as it was called by insiders, had as many as 3,000 employees in Brazil and other countries. Unable to anticipate the full impact of Fernando Collor's resentment of its activities, the SNI was taken by surprise when the "hunter of maharajahs" abolished it in March 1990 and created the Strategic Affairs Secretariat (SAE). Collor blamed the spooks of the secret service for the abduction, accompanied by a mock execution by firing squad, of which he had supposedly been the victim during his student days at the University of Brasilia. The implosion of the SNI reduced its personnel to a little more than 1,400 employees. The overseas agents were deactivated, and illegal and covert operations such as telephone-tapping ended officially.

That does not mean the Intelligence Undersecretariat of the SAE, which inherited the estate of the SNI, might not sometimes resort to "bugging" someone's telephone. To do so, however, it needs court permission. The SAE does not even know what happened to the SNI files, many of them destroyed by agents who were unhappy with the change. This is admitted by Col. Savio Costa himself, one of those affected by Collor's purge. By its very nature, the "Service" continues to eavesdrop on events it thinks the President of the Republic should know about: strikes, rural unrest, and "more prosaic things," as SAE chief Admiral Mario Cesar Flores said. An example of the latter would probably be the survey made last year of the drought in the Northeast, to guide the government in selecting the cities to be given priority in federal aid.

Furthermore, the Intelligence Undersecretariat is no longer headed by senior military officers, as it was even during the Collor administration. Part of the folklore is the anecdote about former SAE Secretary Pedro Paulo Leoni Ramos's attempt to visit the facilities of the undersecretariat. He was barred from entering by the spooks on duty at the building in Brasilia's South Police Sector. Now the undersecretariat is headed by journalist Afonso Antonio Marcondes, who never practiced the profession for which he studied. Instead, he has been a career employee since SNI days. Security is still strict. The Intelligence Undersecretariat has a sophisticated system that includes locks with electronic codes. Outsiders, when they visit the building, are escorted at all times by agents. The site of the former National Intelligence School now houses the Center for Basic and Advanced Human Resources Training (Cefahr), used by

the undersecretariat for courses in international espionage and counter-espionage aimed mainly at protecting scientific and technological projects. At the end of the year, the government plans to sponsor the first open competition in the "sector" to recruit 60 new analysts.

Amorim Advocates Security Council Membership

PY0106123394 Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 94 p 8

[Text] Foreign Minister Celso Amorim said on 27 May that Brazil's participation in the UN Security Council is "legitimate and effective."

Amorim noted: "It is of growing importance for all countries, not only the rich countries or those with nuclear weapons, to participate in this council."

The minister participated on 27 May in the First National Meeting of Strategic Studies at the Strategic Affairs Secretariat (SAE)'s Strategic Studies Center.

The SAE-sponsored meeting's goal is to promote an exchange among the country's think tanks involved in "strategy" affairs and demonstrate the government's interest in the scattered studies conducted in Brazil in this area today.

Representatives from public and private organizations and universities participated in the meeting.

Chile

Foreign Ministry Clarifies Stand on Haiti, Cuba

PY0106152494 Santiago LA TERCERA DE LA HORA in Spanish 21 May 94 p 20

[Text] The Foreign Ministry has sent us a note to clarify a diplomatic incongruity emphasized in our "Political Lobby" column on our country's policy on Cuba and Haiti. The Foreign Ministry Information and Culture Department explained that the two countries involve different situations.

Concerning Haiti's case, the Foreign Ministry indicated that a UN resolution on a blockade against Haiti was complied with. In other words, Chile, as a UN member, had to comply with this resolution.

Concerning Cuba, the Foreign Ministry pointed out that the United States alone has imposed a unilateral embargo, which has not been confirmed by the United Nations. Concerning its trade relations with the Caribbean nation, Chile has free action.

Frei Accepts U.S. Invitation To Visit

PY0206034794 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 2 Jun 94

[Text] President Eduardo Frei today confirmed that within four weeks' time he will travel to Washington at the invitation of U.S. President Bill Clinton.

It had been rumored in Washington that Clinton was interested in inviting his Chilean counterpart to a meeting at the White House.

Today in Santiago, President Frei confirmed the invitation to visit the United States at the end of the month.

[Begin Frei recording] Well, we are awaiting the official announcement by the White House and by the Chilean Foreign Ministry of a visit to Washington on 28 June, a visit that will include a working day with President Clinton at the White House. [end recording]

In Washington, Patricio Silva, Chilean ambassador to the United States, reported that the agenda of the meeting will include political issues, but that Chile's overriding interest will be the possibility of joining NAFTA.

[Begin Silva recording] It is a clear indication of the Clinton administration's interest in Latin America—which is expressed in this invitation made to the president—and especially in Chile. As you very well know, Chile's presence in U.S. news, public opinion, and political opinion is quite considerable. [end recording]

Israel's Shim'on Peres Addresses Congress

PY0206032194 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 2 Jun 94

[Text] In an address to Congress, Israeli Foreign Minister Shim'on Peres, who is making a state visit to Chile, stated that reaching a peace settlement with the Palestinians is a moral option that has to be supported by the international community. Peres concluded his visit to our country today.

Russia's Shumeyko Pays Official Visit

PY0106224894 Santiago EL MERCURIO in Spanish 23 May 94 pp C1, C6

[Text] Vladimir Shumeyko, president of the Federation Council of the Russian Congress, has said Russia needs a stable government to grow economically. For this reason the government promoted a consensus pact with the political sectors that was joined by main enterprises a few weeks ago.

Shumeyko, with a delegation of businessmen and deputies, began yesterday a three-day visit to Chile. Among other activities, he is scheduled to meet today with President Eduardo Frei, to whom he will deliver a personal message from Russian President Boris Yeltsin.

Shumeyko arrived on the morning of 22 May, accompanied by his wife. He expressed optimism over the future of his country despite the economic and social problems it is currently facing.

Shumeyko referred to the prospects of the Treaty to Attain Social Harmony [Tratado para el Alcance de la Concordia Social], signed on 28 April by the Russian president and 200 other politicians.

He asserted: "The less fighting there is among politicians, the better it is for the economy."

He added that on Friday [not further specified] the directors of the most important Russian enterprises signed the treaty. He explained the purpose of the pact, saying: "Our greatest concern now is to enjoy peace in the political arena, to establish a consensus in the political field, and to give the Russian Federation a chance to work in stability."

The Russian delegation was met by Russian Ambassador to Chile Vasiliy Gromov and Mariano Fontecilla, the diplomatic coordinator of Congress, who represented Senate President Gabriel Valdes at the airport.

Valdes held a private luncheon for Shumeyko and his wife at the Concha y Toro vineyards.

Shumeyko said he hoped to make "important achievements" during his brief visit to Chile and to learn as much as possible about the political process and the country's economic situation.

The Russian visitor said Russia and Chile have "a lot in common."

He explained: "The Russian Federation is still going from a totalitarian phase to the construction of a democratic state, an open civil society."

He added that Russia and Chile share celebration dates because "President Eduardo Frei was elected on 11 December while the Russian Federation's new Congress, with its two chambers, was elected and the new Russian Constitution was implemented on 12 December."

Shumeyko announced that he will meet with Chilean senators and deputies with whom he hopes to tighten interparliamentary relations.

He added that he hopes to increase intragovernment visits between the two countries, and to establish direct contact between Russian and Chilean businessmen.

For this reason, he added, he is accompanied by Russian deputies, businessmen, and representatives of Russian corporations and banks.

Shumeyko will meet tomorrow with Senate President Gabriel Valdes and acting Chamber of Deputies President Juan Carlos Latorre. In the afternoon he will meet with Finance Minister Eduardo Aninat and Planning and Coordination under Secretary Pedro Goic.

Tomorrow he will meet with Santiago Mayor Jaime Ravinet; Foreign Minister Carlos Figueroa, and the president of the Supreme Court Marcos Aburto. He is scheduled to lunch with businessmen at the Union Club. On Friday he will leave for Buenos Aires on a special flight.

Shumeyko said he is optimistic over the future of his country although he admitted that Russia is facing difficulties in transforming a centralized economy into a free market economy.

Shumeyko commented that the military industry faces difficulties because orders placed by the government have been cut to just 10 percent. He added that there are also serious problems in the agricultural sector, especially the kolkhoz and sovkhoz, the old socialist peasant organizations.

Shumeyko added: "We now place emphasis on the business sector, on the private entrepreneur," adding that 40 million of the 150 million inhabitants work for enterprises that no longer belong to the state.

He believes the lack of private sector statistics contributes to the somber panorama with which the Russian economy is described.

He said that official data currently shows that 11 percent of the population lives under the minimum poverty level compared with 37 percent last year.

"This is why we can state that currently nobody dies of hunger in Russia," he said.

Shumeyko ruled out the possibility that Congress agree to bring forward the presidential elections, scheduled for June 1995, as Vice President Alexandr Rutskoy requested.

"There is no room for this request. I do not think the Senate, which sets the date and calls presidential elections, will listen to Rutskoy's request to contradict the Constitution."

Shumeyko said Congress and government authorities abide by the Constitution, which was amended almost six months ago. He denied that President Yeltsin grants less importance to the legislative branch which, in his opinion, plays a very important role in Russian politics.

He explained that the Senate, over which he presides, has important tasks, among them approving decrees issued by the president regarding emergency issues, the use of Russian troops in foreign territory, and border problems.

The Senate also approves the appointment of the attorney general and the members of the Constitutional Court and the Supreme Court. It also acts if the president resigns and is in charge of calling elections.

Interior Minister Correa Interviewed

PY0106212194 Santiago LA TERCERA DE LA HORA in Spanish 22 May 94 pp 9-11

[Interview with Interior Minister German Correa by reporter Maria Eugenia Oyarzun at La Moneda in Santiago on 18 May]

[Excerpts] [Passage omitted] [Oyarzun] How would you assess the situation involving [Carabineros Director General] Rodolfo Stange, 45 days after it started?

[Correa] I still believe it is a complex situation, not only because of all the implications regarding Gen. Stange, but also because this is a highly sensitive issue in view of the duties with which the Carabineros are entrusted in their capacity as uniformed police, that is, safeguarding peace and order. This is why this is an extremely delicate issue, as anything that undermines public order has very serious implications for society as a whole, and not only for the government or for the Carabineros. The situation, therefore, had to be handled with great care.

[Oyarzun] Do you believe the situation was handled with "great care," or with the gracefulness of a bull in a china shop?

[Correa] In practice, in compliance with express government orders, the executive branch has handled Gen. Stange's problem through the Defense Ministry. The Interior Ministry, which is under my responsibility and which according to the Constitution is responsible for safeguarding public order and the safety of citizens, was not directly involved in the negotiations. As a member of the political team, however, we were permanently informed about the entire situation, discussing the issue and as a group adopting decisions with the president. I have nevertheless had a normal working relation with the Carabineros, striving so that the problem with its director general would not have an impact on public order, which has been maintained at normal levels.

[Oyarzun] Is it true that last week the Interior Ministry and the Carabineros held unofficial contacts to solve the crisis?

[Correa] Within these past 40 days the government has been willing to explore all possibilities.

[Oyarzun] The government or the Interior Ministry?

[Correa] The government as such; the Interior Ministry is part of the government. We studied all the possibilities that could have led to a proper solution. Unfortunately, the different alternatives have not allowed us to achieve a definitive solution, but I hope we will be able to do so in the next 30 days.

[Oyarzun] What is this definitive solution?

[Correa] I sincerely believe that a continued lack of definition regarding the Carabineros command is not desirable.

[Oyarzun] Who is to blame for this lack of definition, the Carabineros or the government?

[Correa] I would say that this is a result of the situation itself. There was a court ruling on one of the most abominable crimes in Chilean history, which had already caused a crisis in the Carabineros high command. This resulted in the ousting of the then Carabineros commander, General Cesar Mendoza. Throughout the nine years of this court case, there have been events that have raised some doubts about the role played at the time by the Carabineros high command, and Gen. Stange is the only member of that high command who is still on active duty. The government is not to blame for creating this situation. This is the result of a very traumatic event. The government believes that the mere fact that charges were raised against the Carabineros director general—charges that must be proven in court—constitutes in itself a very complicated situation.

[Oyarzun] The special judge assigned to investigate the alleged crime of "nonfulfillment of military duties," of which Gen. Stange is accused, has rejected the request made by the lawyers of the accusing party to hold a confrontation [careo] between Gen. Stange and other officers and to indict him. Is this not an important sign that Gen. Stange is not guilty?

[Correa] It is up to the courts to decide that. The government has always maintained that the unsuitability of Gen. Stange's remaining in his post is not directly associated with the result of the court case. In this country there are laws through which it is sufficient that an individual be indicted on charges of a crime deserving punishment, after which it is presumed that he immediately loses certain rights, such as the right to vote and to be elected.

[Oyarzun] There are those in the government who said that Stange's ousting was not a legal issue but a matter of principle, and that even if the president lost in this regard, the government would win a moral victory. Do you agree with this?

[Correa] All this is part of a past we have not yet been able to overcome. There are many Chileans who suffered in their own flesh and blood the rigors of the military regime, through human rights violations. There are many pending trials, and many things that will have an impact in our lives for years to come. I believe that Chile has a very important moral debt with these hundreds of thousands of Chileans, many of whose lives were destroyed or who endured tortures or were imprisoned. We have to make an effort to overcome this past. I believe it is very important to pay your dues. I am not speaking negatively, but in order to be at peace with ourselves.

[Oyarzun] Wouldn't it be better if we overcame some chapters in this regard? Do you believe the country can always look backward?

[Correa] To continue looking to the past is directly related to how well or how badly we are able to overcome these situations. There are different ways of going about it. One would be to throw a blanket over the past, as if nothing had happened, like a collective complicity in claiming there were no human rights violations in Chile. Such an attitude would solve current problems, but not

future ones, as the ethical bases of democracy and peaceful coexistence would be seriously weakened.

I believe that impunity and the fact that people do not answer for their deeds undermines the ethical and political principles of a democracy. People must have the courage to face these issues with high-mindedness. [passage omitted]

[Oyarzun] Isn't the agreement reached by the defense minister and Gen. Stange like a predated check, a kind of "passing the ball" for four weeks?

[Correa] Undoubtedly we achieved a partial agreement, which should give us time to arrive at a definitive solution.

[Oyarzun] What does this "definitive" solution for the Stange issue consist of? Does he have to go?

[Correa] This will be decided in the next couple of days. I believe we should continue to hold meetings that will allow us to find formulas for finding a proper solution to problems. One can understand Gen. Stange's interest in seeing that the court case against him is definitively resolved, but as I have already explained, the general must also understand that it is very difficult to exercise a command when one lacks the president's trust and backing. [passage omitted]

[Oyarzun] What has the administration done in its first 70 days in government?

[Correa] There were several important initiatives. Today we are submitting to Congress a bill on the Copper Corporation (Codelco), which is of vital importance to the country. This is an indication that there have been substantial initiatives in the drafting of laws. The opposition criticism that "there is a legislative drought" and that there has not been a legislative initiative is, therefore, unjust. [passage omitted]

[Oyarzun] If you had to render an account of your first 70 days in government, what would you point out?

[Correa] I believe I have fulfilled the tasks that are pertinent to my post under not so normal situations.

[Oyarzun] Why?

[Correa] Because what we have experienced regarding Gen. Stange's situation has not been a minor issue. Let me remind you that three days after assuming power we were faced with General Nunez's retirement, and Gen. Stange's problem cropped up 11 days after the inauguration and still must be resolved. These 70 days, therefore, were not normal. I hope the following days will not be as complex.

[Oyarzun] Didn't the administration bring these problems upon itself?

[Correa] No. All of those who have been most involved with the issue have agreed that there were no solutions other than those adopted by the government.

[Oyarzun] What about the opposition?

[Correa] The opposition has done its job in trying to create the greatest number of problems possible; the opposition has hardened. Please take into account that this administration has not enjoyed the 24 hours of the so-called grace period. I believe that even before assuming power we were under quite a lot of pressure. In view of this, and because we were facing a complex situation, the president invited the member parties of the Coalition of Parties for Democracy to discuss the situation. We were faced with the difficult issue of Carabineros. This is all part of the costs and benefits brought on by continuity. We inherited some problems from the previous administration, but there are other long-standing problems as well.

[Oyarzun] Is it true that you have had disagreements with the defense minister and the minister of the presidency?

[Correa] There have been no disagreements with the defense minister. We have a very direct relation, which contributes to the openness of our work. As in all human affairs, we share different points of view, but through dialogue and discussion we will achieve agreement. [passage omitted]

Internal Struggle for PPD Leadership Viewed

94SM0354A Santiago EL MERCURIO in Spanish 30 Apr 94 p D4

[Article by Meche Garrido]

[Text] The government is quite troubled by the fact that two of the main political parties in the Coalition (the Christian Democrats, DC, and the PPD [Party for Democracy]) are immersed in internal elections.

There is uneasiness because these elections are preventing the Coalition from giving more effective support to President Eduardo Frei and his government. The situation was different under former President Patricio Aylwin, who received ongoing support from the alliance, especially from his own party, the DC.

More specifically, however, the internal struggle for the presidency of Christian Democracy, a struggle that has sharpened, has been compounded in recent days by the battle in the PPD, which is beset by a serious problem of internal leadership.

Much sharp criticism is being leveled at the leadership, including the long-time leaders of the party. The most widespread complaint in the PPD is that the congressional election and the appointment of the cabinet has been followed by paralysis in the party, which has done nothing about it.

The charges are being leveled directly at its current president, Sergio Bitar. Although he is acknowledged as the party's undisputed leader, the objection is that after

he was elected senator from the First Region, he has been unable to devote the time to the party leadership that it requires.

Concern in the PPD is even greater because despite the results of the congressional elections (in which it doubled its representation to 15 deputies and two senators), the party's profile is becoming blurred today.

The situation facing this group is marked not only by the departure of Bitar but also by the unmistakable absence of Victor Manuel Rebolledo and Jorge Schaulsohn. Now that the former has joined the cabinet and the latter has taken over as president of the Chamber, the PPD has been left even more leaderless.

Although the efforts that Vice Presidents Jorge Molina and Erich Schnake are making are appreciated, a large majority agrees that the leadership crisis that has developed makes the election of new officers urgent. But the elections are, in principle, scheduled for September, a fact that upsets those who want to hasten internal decision-making so that the vigorous PPD does not yield the entire progressive sector of the Coalition to the Socialist Party, which they acknowledge has done a good job of keeping a high profile.

For the time being, only Deputy Victor Barrueto and electoral expert Jose Auth have entered the race for party posts, running for president and secretary general, respectively.

No others have yet joined the race, as they are waiting for the current president, Sergio Bitar, to decide whether or not to run again. While they are waiting patiently for this PPD leader to make up his mind, the rumor is that he will not run for reelection because his goal is to make his name as a national senator by devoting all of his time and effort to voters in the strategic First Region, which he has done ever since he was elected.

Should Bitar run again, though, he would face competition for the first time. This development would in itself be a change, inasmuch as one of the main criticisms of this party is that its leaders have always been chosen by the top echelon without an election in which the rank and file could select the people they wanted to lead them.

In the event that Bitar runs for reelection, he would probably face off against Deputy Victor Barrueto, who has the support of former Vice President Victor Manuel Rebolledo; as long as he remains a minister, however, he says that he will stay out of his party's internal elections.

While Bitar thinks things over, PPD spokesmen are not ruling out the possibility that the party's former secretary general, Deputy Jorge Schaulsohn, might decide to seek its presidency. In fact, he himself has said that he has not yet made up his mind in this regard. Many have their doubts, however, because this legislator is determined to be the finest president of the Chamber of Deputies in recent times.

The leadership crisis in the PPD has created strife among its various factions, and because of the existing problems no one yet knows which candidates will ultimately face off against each other to head up the party.

The new officers that party members elect, whoever they may be, will have to solve some serious problems facing the PPD, because paradoxically its growth has severely weakened its internal organization at the national level.

One of the most visible difficulties stemming from its lack of organization is that very few of its offices are operating in communities and regions, just eight of the existing 12. The PPD has major operational problems in Valparaiso, and it is thought to have idle assets in the second, third, sixth, and other regions.

Therefore, the challenge facing the new officers is to institutionalize the party and renew and expand its roster of leaders.

A broad cross-section of the party agrees that collective leaderships need to be established since until now it has been a party of well known figures, which was initially a source of strength and representation. It wants to take advantage of this asset during the current process of change and renewal.

Although the work done during the initial stage by well-known figures such as Sergio Bitar, Jorge Schaulsohn, Victor Manuel Rebolledo, Erich Schnake, and Ricardo Lagos is acknowledged, the regions and the metropolitan area are pressing for a renewal so that there is competition in the internal elections to end the "reign of celebrities."

As with its ally the DC, the pace of meetings and talks within the party is picking up. On Saturday 23 April, the economy minister, Alvaro Garcia, called a meeting to test the internal electoral environment. It was attended by, among others, Eugenio Tironi, Guillermo del Valle, Maria Antonieta Saa, and Erich Schnake. Reportedly, some did not know what it was about, while others thought that Sergio Bitar was going to announce his candidacy. Instead, Bitar showed up to clarify that as president of the PPD he could not belong to an internal faction.

It was noteworthy and annoying to some in the party that several people attending the meeting described themselves as leftists, not progressives as the party calls them. A senior spokesman for the PPD remarked that it was a serious mistake for the group to describe itself as leftist; it did so because of a desire to distance itself from other, more moderate factions, such as Jorge Schaulsohn's.

Spokesmen for another faction were also surprised by the greeting that Public Works Minister Ricardo Lagos sent to the meeting; some leaders, however, commented that it was significant that the leader of the Socialist Party and the PPD did not attend the meeting and merely sent his greetings. In any event, the involvement of the two

Frei cabinet ministers in party politics elicited serious objections from leaders and members.

"Lagos ought to remain above factional strife because he is a national figure in the coalition left," said a high-level party leader. After Lagos sent his letter of greetings to the faction, the feeling in the PPD was that he has to clarify his party membership inasmuch as his dual status (Socialist and PPD member) is untenable.

The uneasiness over Lagos's and Garcia's involvement presumably prompted a group of deputies to look into the possibility of sending a letter to the government saying that it is improper for cabinet ministers to create factions in coalition parties and be actively involved in the internal struggle instead of devoting all of their time to their ministries.

The internal contest for the presidency seems more personal than anything else. It does involve some substantive issues, however, as there have been mutual accusations about neoliberal influence in the party.

Such influence has been roundly denied, although the culture of classical liberalism is acknowledged to be broadly represented. The progressive philosophy is predominant in the PPD, however, as it seeks to distance itself from the Socialist Party, especially after the selection of mayors, governors, and Regional Ministry Secretariats, in which the Socialists were winners.

Although the election of its officers is still months away, the debate and struggle has already begun in the party, and the pace will pick up once the current president, Senator Sergio Bitar, makes up his mind about what to do.

Colombia

Minister on U.S. Decision To Stop Radar Data

PA0106134694 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1230 GMT 1 Jun 94

[Report by Manuel Gonzalvez; from "Caracol's 0600 to 0900" newscast]

[Text] Defense Minister Rafael Pardo Ruedas has expressed surprise with a statement made by a U.S. State Department spokesman yesterday. The spokesman said his country has decided to suspend the supply of information from the radars that operate in Leticia and Aracura because Colombian military authorities had downed planes. Minister Pardo Ruedas told Caracol the following:

[Begin recording] [Pardo Ruedas] Thus, it seems to us that.... [pauses] it is a startling decision. We do not have any final position apart from the one that a signatory of a multilateral agreement has unilaterally decided—without prior announcement or explanations—to suspend its participation.

[Gonzalvez] Could any preceding events have led the United States to make this decision, minister?

[Pardo Ruedas] This is what we would like to know. [Words indistinct] multilateral cooperation that is advantageous to us and other countries. We work on a par with other countries. It is advantageous to all those who are interested in controlling drug trafficking. We do not understand why a decision has been made abruptly and without advising, consulting, or giving reasons for it.

[Gonzalvez] Perhaps they fear the wrong plane will be downed due to information given?

[Pardo Ruedas] However, they would have to report this and discuss it with us. This decision cannot be based simply on [words indistinct] a meeting without, for example, taking in account our opinion. [end recording]

Other Defense Ministry spokesmen told Caracol that while the U.S. Government suspends the supply of radar information to Colombia, it congratulates the Peruvian Government each time it downs a plane.

Downing Drug-Smuggling Planes Policy Upheld

PA0106233894 Hamburg DPA in Spanish 2013 GMT 1 Jun 94

[Text] Santa Fe de Bogota, 1 Jun (DPA)—The Colombian Government indicated today that it will not reconsider its order to the Armed Forces to shoot down planes that might be carrying drugs—an order which permits the use of force in intercepting hostile planes—in response to a U.S. move to stop supplying data from radar installations that monitor Colombian and Peruvian airspace.

Colombian Defense Minister Rafael Pardo said the Colombian Government's order was carefully reviewed within the context of existing international civil aviation regulations, and, therefore, "we do not have to change anything in this matter."

The controversy in Colombia and Peru began when it was revealed that the U.S. Department of Defense, without consulting either the Colombian or Peruvian Governments, suspended the operation of radars located in the Amazon jungle because it believed it was dangerous for the Armed Forces of the two countries to be authorized to shoot down planes.

Spokesmen for President Cesar Gaviria's government reacted angrily to the move, calling it "unilateral, untimely, and rude." They also argued that it could represent a U.S. violation of agreements signed with Colombia, Bolivia, and Peru during the so-called Antinarcotics Summits held in Cartagena de Indias and San Antonio (Texas).

Pardo said the Colombian Government believes it is acting properly, and he added that it is still awaiting an official answer from the United States on the reasons behind this U.S. move before deciding whether it will ask

the United States to remove two radar installations located in Leticia and Araracuara in the Amazon region.

According to unofficial reports published in Colombia, the Pentagon's decision was unilateral and prompted concern in the White House and State Department because it might lead to an increase in drug flights into the United States.

Colombian aviation officials who were consulted by the media indicated that the U.S. measure might have arisen from fear that one of the many U.S. military planes which "constantly violate" Colombian airspace might be shot down.

Asked about the decision to suspend the release of radar data, Army Commander Major General Hernan Guzman said authorities will continue to comply with the order to down hostile planes because "while fulfilling our duty, we cannot be concerned with what the Americans have to say."

The controversy heightened criticisms from Colombian political sectors against what they have called "inconsistencies" in the Clinton administration's drug policy because, several months ago, the U.S. State Department stopped forwarding evidence against drug traffickers after a disagreement erupted over statements made by Colombian Prosecutor General Gustavo de Greiff.

Defense Minister Maintains Position

PA0206020494 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 2 Jun 94

[Report by Isabella Recio from the "Seven O'Clock Newscast"]

[Text] Christine Shelly, spokeswoman for the U.S. State Department's Bureau of International Narcotics Matters, has announced that a final decision is not expected before next week regarding U.S.-Colombian cooperation on information provided by U.S. radar installations in Leticia and Araracuara. Defense Minister Rafael Pardo and Air Force Commander Major General Alfonso Abondano commented on this topic today at a military ceremony.

During the ceremony to commemorate the 87th anniversary of the Cadets Military Academy, in addition to the traditional speeches and parades, there was time to discuss the U.S. radar dispute. Amid a downpour that resembled the storm now brewing in the country following the Pentagon's orders to suspend the operation of the two radar installations, Pardo discounted the U.S. position on whether or not unidentified planes should be shot down.

[Begin Pardo recording] The thing we oppose is that this decision was made unilaterally, despite the fact that this cooperation program has been in place for three years and that it has been a multilateral program. [end recording]

According to the defense minister, Colombia will continue to shoot down unidentified drug planes, and this policy will not change.

[Begin Pardo recording] Colombia has assumed this position following a thorough, 18-month legal review. We are very much convinced that our interpretation is correct, and we sincerely believe we have nothing to change in this regard. [end recording]

Meanwhile, the Colombian Air Force says the chances of a U.S. military plane being shot down are remote.

[Begin Abondano recording] We identify all planes visually before our pilots are authorized to shoot. [end recording]

Presidential Decree Restricts Drug Use Court Ruling

PA0206041894 Hamburg DPA in Spanish 2318 GMT 31 May 94

[Text] Santa Fe de Bogota, 31 May (DPA)—The Colombian Government today issued a decree restricting the possession and consumption of narcotics in public places. This practice was recently authorized by a Constitutionality Court ruling, which concluded that it is illegal to apply jail sentences and fines to individuals found to be in possession of personal doses of drugs.

Today's announcement was made by Justice Minister Andres Gonzalez, who said the decree includes several provisions designed to challenge the high court's controversial ruling. The decision was rejected by the government, political circles, economic groups, the media, and several social circles.

Gonzalez indicated that the authorities will prohibit the consumption of drugs in public places. Those who violate the measure will be removed from the premises. The owner of the establishment will be punished with the closure of his or her business and the suspension of his or her operators license.

The minister said the use of drugs will not be permitted in places such as schools; cultural, recreation, and amusement centers; on board ships and airplanes; in restaurants; or on the street.

In the realm of sports, Gonzalez said the decree, which was signed by President Cesar Gaviria, also prohibits the use of drugs by athletes attempting to improve their performance. The authorities will apply stiff penalties to violators, their trainers, and the doctors who endorse such consumption.

Gonzales added that operators of motor vehicles and airplane pilots found to be under the effects of narcotics will have their licenses suspended. Those appearing for work under the influence will be fired.

The decree is the first practical measure adopted by President Gaviria to head off the Constitutionality

Court ruling, which legalized the possession and consumption of drugs. The court based its decision on the right that all Colombians have, as outlined in the Constitution, to freely develop their individual personality. The ruling annulled an article of the Drug Law that mandated jail terms of 30 days to one year and fines equivalent to $62 for those individuals caught carrying quantities of less than 20 grams of marijuana, 5 grams of hashish, 2 grams of methaqualone, and 1 gram of cocaine.

In rejecting the ruling, Gaviria said the Constitutionality Court was mistaken to call drug consumption a "right" and to establish the supremacy of individual interests over public welfare. Several days ago, Gaviria indicated that his administration will promote a referendum to have the Colombian people decide for themselves whether or not to reform the constitutional article that provides the right to individual personality development, which would automatically annul the court's decision. To this end, Gaviria signed a law on mechanisms for a popular consultation. The law authorizes the government to promote and present motions that are signed by several million citizens before Congress to request referendums.

Several justices of the Constitutionality Court have criticized the president's attempts to prevent the legalization of drug use. They say their decisions are not subject to appeal and must be upheld. Meanwhile, an association of criminal lawyers has complained before Congress about the president's alleged "contempt" of court.

Pastrana on Election Results, Runoff

PA0206023094 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1242 GMT 31 May 94

[Interview with Andres Pastrana and Luis Fernando Ramirez Acuna, Colombian New Democratic Force presidential and vice presidential candidates, by Caracol news director Dario Arizmendi and unidentified reporters at the station's studios in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast; monitored in progress—live or recorded]

[Text] [Pastrana] ...[passage indistinct] it is incredible how high the abstention rate was. That is where the votes are. These are the people to whom we have to appeal. There are proposals from Antonio Navarro [leader of the 19 April Movement Democratic Alliance], from Miguel Alfredo Maza [leader of the National Civic Consensus], from various candidates whose line coincides to a good extent with my government program. I am looking for Colombians and asking them to vote on 19 June. I am very concerned about this abstentionism. The people are going to soccer games; they are going to the World Cup. We must continue calling on the Colombian people because the Colombia's future path will be in their hands on 19 June.

[Arizmendi] Dr. Pastrana, your government platform is well known. I suppose you have analyzed that of Dr. Antonio Navarro. What points of agreement could lead you, as you have hinted, to find points in common between the two platforms?

[Pastrana] Basically, fighting corruption. I think Navarro wants to fight corruption. I think that the corruption issue is the main thing we have in common right now. Logically, the issue of peace is too, even though his positions are somewhat different from what I have been proposing. But I think he understands my positions well. Basically, fighting corruption is the main thing we have in common.

[Arizmendi] Do you think that Navarro's votes could attract many voters to your political movement, or will many Conservatives tend to be put off?

[Pastrana] I think we must develop a new mentality in the country. [Words indistinct] at first everybody wondered how they were going to get Regina Betancourt's [leader of the Metapolitical Unitary Movement], or Navarro's, or Maza's votes. I think this is a mistake. I think the country wants a big coalition, a coalition for Colombia. We are addressing all Colombians. We have to seek out those who abstained. If there is integration, a programmatic agreement, fine, but right now I am flirting with the abstentionists. There is where I am directing all my efforts. I am telling young people, women, Colombians in general that the election results are in their hands. I am directing my efforts at them.

[Arizmendi] Are you seeking Navarro out or are you going to wait for him to seek you out?

[Pastrana] If there is identification with Navarro, I obviously hope there will be a decision from them. I think the Democratic Alliance wants to hold a convention or a meeting or to use a mechanism that will enable it to decide with which program it identifies itself. But meanwhile, I continue working to try to win over a large segment that still exists in our country. That is where I am centering all my efforts and enthusiasm.

[Arizmendi] I imagine you identify more with General Maza.

[Pastrana] Yes, we have been talking with Maza. But Dario, I think that more than with Maza, Navarro, Regina, we have to look into what identifies us. I have a government program (?which proposes a change). What I am telling the Colombians, including Navarro, Maza, Regina, and each and every candidate who participated, is that if there are points of convergence in our programs, I am willing to sit down and discuss these points in my own program which we want to implement on 7 August. What the country is tired of seeing is that all coalitions have their bureaucratic side. The country says: Here come the same ones with the same thing. What they seek is positions; what they want is to get votes to reach the presidency. That is what we have to end. That is what we have to change. My proposal is one of change. If it was

old-style politics and machinery that were defeated this last Sunday, I can hardly make use of old-style politics and machinery. I represent a completely different alternative.

[Arizmendi] Abstentionism reached about 68 percent. You have said you are making every effort to try and reduce this abstentionism and to try and win over millions of indifferent voters. How will you do it? What is your strategy?

[Pastrana] I think this is important. Sunday, the people did not believe that change can happen. But it has become evident, and the media is beginning to sense this, that there is a chance for change and that the country can change. This is why I believe that on 19 June, the people will support me and Luis Fernando Ramirez, our presidential ticket, because the people realize now that change can happen, that the machinery can be defeated, that old-style politics can be defeated. This is why I am asking those who voted for me Sunday to vote for me one more time, one more time for Andres. I am sure that all Colombians can make change possible.

[Arizmendi] You are asking for just 2.5 million votes.

[Pastrana] One more time would be fine.

[Arizmendi] Will it be necessary to change your program? Will the campaign change? Something will have to change because the first round in the election showed that apathetic voters were not motivated.

[Pastrana] I think that those who voted for us did realize that the change can happen, something nobody believed before. I think this is what will stir apathetic voters: the strategy we want for Colombians. We are going to change Colombia. I am sure they are going to vote because they have seen that change can happen, and we are going to effect the change. In whose hands is it? In the hands of all the Colombian people. This is why I am asking them to support me on 19 June because change is in the hands of the Colombians. It is not in the hands of Andres or Luis Fernando. No. It is in the hands of the Colombians. It has been shown that change can happen. Now the consolidation of this position depends on them.

[Arizmendi] You like soccer as much as the rest of the Colombians. What will happen on 19 June, when three of the most interesting soccer games are scheduled?

[Pastrana] I was looking at the schedule. Javier told me about it. I say that all those games will be rotten compared to the game we will be playing in Colombia.

[Arizmendi] Are you playing for the home team or the visitors?

[Pastrana] I will be on the home team. I think the country has to realize that they must go out and vote on that day. The people must understand that we have to make the change. The truth is that we have to appeal to everybody. We must consolidate the ongoing democratic process. I know the voters are tired. Sometimes we think about that. We have had eight elections in four years. In a matter of four years, the people have voted eight times. I think that given that there is a chance for change, people will vote. I am sure that women, the elderly, men, Colombians in general, know that there is a chance to change the country, and they will vote.

[Arizmendi] Did you expect to win, tie, or lose Sunday's elections?

[Pastrana] I hoped to win last Sunday's elections. Dario, the truth is... [pauses] For me this is a victory. I think that when reading the figures and statistics, many Colombians will be perplexed because they thought there were large differences in many regions of Colombia. I think the country supported me; the country understood my message. There are important aspects, such as the case of Antioquia, where we obtained impressive suport, and the case of the coastal region, which also supported us. They understood my direct message to the coastal region. This holds true for all regions of Colombia. I truly believe, Dario, from reviewing and analyzing electoral figures, Luis Fernando and I are very happy with the electoral results.

[Arizmendi] Don't you think you have scraped the pots and pans already?

[Pastrana] No, Dario. I think we are just getting started. I think there are places where we can still win many supporters. For example in Bogota. I hold the record in my party for the most number of votes in Bogota for the past 10 years and the past four elections. I also think this is rising. I tried to win in Bogota; nevertheless, we got lots of votes, considering that this is very much a Liberal Party city. What we see, Dario, is that the voting strength the Liberal Party had in Santa Fe de Bogota has dropped to 63 percent. When Barco was a candidate, he got 705,000 votes. The lowest number of votes the Liberal Party has obtained in Bogota was with Samper. He obtained only 416,000 votes. The most narrow difference in Santa Fe de Bogota votes took place in this election. Belisario Betancur also got close to [words indistinct]. I am happy because the number of votes has been rising. I think there is still a lot to be harvested; a lot of work is still to be done in Bogota.

[Arizmendi] Are you analyzing Bogota's results with a discredited [words indistinct].

[Pastrana] In our case, votes have been rising. You know that I won [the election for mayor of Bogota] with 330,000 votes. This time, I got 60,000 or 50,000 more votes. I think there is much to be secured. There is still a lot to be done. You know that in politics, people want to be visited; they want you to be with them, to spend some time with them. This is why I think there is much to be reaped in Bogota. I am very optimistic about Santa Fe de Bogota.

[Reporter] During the campaign, some sectors accused you of being intolerant of religion because you criticized

the fact that your political opponent was being accompanied by Christians ands Protestants. What do you think about freedom of religion?

[Pastrana] I totally agree with it. During the campaign, there were attacks I did not answer. I believe in freedom of religion. It is established in the Constitution. I respect the Constitution. Religious groups support us. There are the Christian Democrats, who since last week have supported us in this election campaign. I believe in freedom of religion. I am a Catholic, but I respect freedom of religion and the Constitution.

[Reporter] You have no objections.

[Pastrana] No objections. We invite all Colombians from all religions and creeds to support us in a government for all of us, without exclusion.

[Reporter] What do you think about election day restrictions on journalists and restrictions on information from abroad. You are a journalist. What do you think of the restrictions that were imposed?

[Pastrana] Electoral mechanisms have to be established. The government made a decision in this regard. I am satisfied with the information reported Sunday, not only reports in the media but also with the changes in the National Civil Registry. We did not think that the Registry was going to be as effective as it was. This also represents change. I think this contributed to prompt electoral information. I think the country was satisfied. By 2100, the country was informed of the results.

[Arizmendi] One thing is the delivery of reports, and we did acknowledge the fact that this was done in a timely, diligent, and very professional manner. Another is the fact that we were not able to interview you or other candidates, or political leaders, so that they could express their opinion on the results.

[Pastrana] This is probably an exaggeration. I think that reports are one thing and election results are something else. I think this is fine. I think, though, that a restriction so strict as to not allow the candidates to speak is too much. This has been noted by the foreign media. They said: Well, but we are here. We were not allowed to make our speeches at 2100. At 2100, we told the national government: The available data is valid because 97 percent of the votes are in.

If they want to lift the restrictions so that candidates may speak, we are prepared to agree. This is what we told the national government. The government said it would lift the restriction if both sides agree. As I told you, Dario, we believed the election results had been established, that the votes yet to be counted were minimal. But the restriction was not lifted. I do not know what the other side thinks. We were ready to have it lifted that very day.

I think it is good that candidates speak out and invite the people to vote, that the president and the ministers, that all Colombians who can contribute to encouraging people to vote may do so. The people are motivated by their leaders, the stars, the journalists. The people like to vote. I think this is good.

[Reporter] At 2100, you asked the government to lift the restriction. Did the government invite you to participate in the decision on the restriction, the limitations, the restrictions imposed on the media that day?

[Pastrana] The truth is that I was not at that meeting, Edgar, and I do not know if that subject was discussed. Once a good percentage of the votes is in, I do not see why we cannot speak. Besides, I think this is good for the country. For the first time, we are going to have a second round. The idea is that whoever won the first round could speak to his voters and thank them and make some proposals, if they so wished. Clear information was available.

[Reporter] You think the government [words indistinct]?

[Pastrana] [Words indistinct] I believe the government will issue a second invitation to the two candidates to review this. I believe this [words indistinct] the national government.

[Arizmendi] Dr. Pastrana, we have completed the first 15 minutes and 33 seconds. We will break for commercials now; we will be back. [six-minute break for commercials]

We are at the main studios of Colombia's Emisoras Caracol talking to Dr. Andres Pastrana Arango. His running mate, Dr. Luis Fernando Ramirez, is also here. Welcome, Dr. Ramirez.

[Ramirez] Good morning, Dario. I am happy to be here. Special greetings to Caracol's audience.

[Arizmendi] During the previous phase of the campaign, you said that swing voters and independent voters would vote for Dr. Andres Pastrana and for you, Dr. Ramirez. But many experts believe, according to what we have read in the papers and heard via the media, that swing voters, specifically in Bogota, sided with Dr. Ernesto Samper. How do you view this and last Sunday's results?

[Ramirez] About the swing voters, I think, regarding what happened last Sunday, that in the polls, the people were asked two questions. One was: For whom do you plan to vote? That is, the people were asked about their intentions. In some polls, Samper came out the winner and others had Andres as the winner. In other polls, there was a tie.

There was another question: Who do you think will be the next president? Here, Samper used to win systematically. The voters believed that regardless of how the people voted, for this or that candidate, the machinery would impose Dr. Samper. This is now completely changed. I believe that in the second round of the election, if the people are asked again who will be the next president, I am sure that now, the people think it will be Andres Pastrana.

Thanks to what happened Sunday, Colombians now are sure that their votes count and that all votes are needed to effect a change. This is why Andres Pastrana has proposed that each of the 2.5 million Colombians who voted for him secure an additional vote for him. I am not optimistic enough to believe that each one will secure one vote. But, let us say, Dario, that 10 percent of these 2.5 million people, that is, 250,000 people, do secure one vote. The abstention rate has been very high and obtaining 250,000 additional votes is not an inconceivable task. The 250,000 votes will allow us to win in the second round of the election. Here is where the biggest resources lie. This is why Andres has said we are more interested in talking to the voters than to certain leaders. Undoubtedly, 10 percent of the people voted for the minorities—for Maza, for Parejo [leader of the National Democratic Alternative], for Regina, for Navarro.

It is important to channel the feelings of 10 percent of the Colombians who did not find clear solutions in Dr. Andres Pastrana's or Dr. Samper's platforms. This is why we have demonstrated our receptivity to the idea of incorporating the positions and the concerns of this minority, of this 10 percent of Colombians, into our platform so they can feel represented. This is our task. This is why we feel we will do better with the swing vote in the second round of the election.

[Reporter] Dr. Pastrana, Dr. Ramirez's answer makes evident that the voters were not convinced there were going to be changes. The people want changes but do not believe changes are possible. Could it be that it is very difficult to convince voters that something is going to change in the country when they see that the candidates continue calling themselves Liberals and Conservatives, which is what people want to forget? In spite of the swing vote that could have gone to your side and the votes of the conservative parties [words indistinct] you remain tied to the past which the people want to forget?

[Pastrana] In my case, efforts have been made to put me in a corral, like cattle, and brand me with an iron reading Conservative Party. I think the supraparty candidacy I have been espousing is what won the votes. Thanks to this supraparty candidacy we were able to win Sunday's victory when Conservatives, Liberals, and independents supported us. They will continue supporting us in this election process. I do not believe it is not that we were unable to convoke the country. The people were afraid. The people did not know if change was possible in the face of what has been interpreted as the machinery, as old-style politics. I think the country saw that change is possible and for this reason came out and voted.

[Reporter] [Words indistinct]

[Pastrana] I am not married to the Conservative Party. That party supports me. The Liberal Party also supports me, according to the polls. The independents support us. Colombians support us. Mine is not a party candidacy. Mine is a supraparty candidacy. Dr. Samper has only convoked his party. The media reported today that Dr. Samper will convoke only people in the Liberal Party. My position is different. I am convoking all Colombians. I continue my supraparty campaign. I have the support of the Conservative Party, of the Liberals, and of the independents, and we will continue a supraparty policy. I am sure that this is what the people want, and we will win on 19 June.

[Arizmendi] According to the National Civil Registry, you got 2.5 million votes. How many of these do you think are Conservative and how many from other political forces?

[Pastrana] I will answer that by giving you figures, Dario. The people wonder: What is a party apparatus? The Conservative Party won 1.5 million votes in the congressional elections. I secured 2.5 million votes.

[Arizmendi] In past presidential elections, the Conservative candidate obtained 2.1 million votes.

[Pastrana] We are talking about these elections.

[Reporter] Are the two elections comparable?

[Pastrana] If we were to compare them, we can see that we have 400,000 more votes. At this moment we have approximately 500,000 more votes, which amounts to the sum of the votes of the National Salvation Movement and of Rodrigo Lloreda in 1990.

[Reporter] There are new Conservatives now?

[Pastrana] I think they are independent. I think this sector is switching. It has been estimated that between 14 and 20 percent of the Liberals supported me. All polls indicated this. There were many independent votes too. [Words indistinct] if we add the election results of Dr. Alvaro Gomez and [words indistinct] we would be somewhere around 400,000 votes and [words indistinct] Dr. Samper's figures decreased. If we compare the election of Dr. Gaviria in 1990 and the 1994 election [words indistinct].

[Reporter] Don't you think you are being unfair with old Conservative Party bosses who helped you win in some departments? How can we fail to acknowledge Omar Yepes' cooperation in Caldas, or that of Cornelio Reyes, who was president of the Conservative Party Directorate; of Fabio Valencia, who surely contributed to the victory in Antioquia? They are the old political class, the old Conservative apparatus. How will the change affect them?

[Pastrana] The country knows that the Conservatives in this apparatus sided with Dr. Samper and there they are. A new country is on our side. This country has acknowledged this in me.

[Reporter] Tell us about Yepes and Fabio Valencia.

[Pastrana] I have the names of many Liberals: Bernardo Gaitan, Alfonso Luis Guerra, Maria Paulina Espinoza. The different aspect of our supraparty movement is that

our Conservative and Liberal party friends and our independent friends are proposing the change. This is where the change is. The old Conservative Party apparatus is not supporting me. It went over to Dr. Samper.

We envision a new country, a country of changes, and this is why we secured Sunday's victory. This was possible thanks to all our efforts, those of the country and [words indistinct] in many regions of the country, like the ones you mentioned, but also, in the case of Santander, for example, Luis Fernando secured a large number of voters. No one is giving Luis Fernando credit for this. I think this should be acknowledged.

This is what we have been trying to establish: the difference between the old-style and new-style politics. When I was mayor I proposed a movement greater than the Conservative Party. As presidential candidate, I am proposing a supraparty movement working with the New Democratic Force. This is what has characterized me. The country sometimes wonders: Why does Andres support eight unknown senators? This is what an important Colombian magazine said when we made a new offer. I think we have seen that change is possible and that those who sought reelection were reelected to Congress. Something is clear: The country is definitely going to vote for the change we are proposing.

[Reporter] Dr. Pastrana, you have acknowledged the fact that you have received more support than the Conservative Party during the congressional elections, and that Dr. Samper obtained less votes than Liberalism obtained in the congressional elections.

[Pastrana] The Liberals have said Pastrana was [word indistinct] by the apparatus, but not Samper. I have not said the Liberal Party was defeated. Samperism was defeated. These are two different things. I have been insisting on this. [Words indistinct] with Andres Pastrana.

I have even proposed that if the chief of the Liberal Party is Dr. Samper, I will reach an undersstanding with him. That decision will logically have to be made by the Liberal Party. Should Dr. Samper continue to be the leader of the Liberal Party, as opposed to what [words indistinct] Samper proposed, I am indeed willing to talk and hold a dialogue with the Liberal Party. I am willing to talk and to govern with the Liberal Party, perhaps even do better than that.

[Arizmendi] Half and half?

[Pastrana] I do not know that yet, Dario. I think that to speak of figures now... [pauses] maybe more or maybe less. I have even proposed that all control organizations be in the hands of the Liberal Party. In proposing three people for comptroller, or for president of the Supreme Court, I would forward the names of Liberals. I would nominate them. Let us hope that control organizations are in the hands of [word indistinct] the party, the president. The people like transparency. I personally believe that [words indistinct] to supervise a company, management. I think that what the country wants is that control organizations be in the hands of the party in opposition to the president, [words indistinct].

[Arizmendi] [Words indistinct] majority in Congress.

[Pastrana] It does not matter. These are lists with three candidates on each, forwarded by the president. I could forward the list with the names of Conservative Party members, but [words indistinct] other parties. In my case, if I become president, I will send the lists of three candidates to Congress, which will be made up of Liberals.

[Reporter] Dr. Pastrana, is political affiliation what makes a politician honest and virtuous? There is the case of the prosecutor general and the attorney general. They are Liberals, and they have proven that they are excellent officials who have earned the highest regard [words indistinct].

[Pastrana] I think the people are more at ease, and this is important. I saw this in the office of the mayor of Bogota. The fact that the Comptroller's Office was in the hands of the Liberal Party produced a feeling of much calm and honesty.

I think there should be a constitutional tenet establishing that control organizations should be in the hands of the opposition party. Personally speaking, I believe this would be very healthy for democracy.

[Reporter] Would you propose changes to the Constitution that would effect this?

[Pastrana] I think I would. I like the idea. I like it because it gives me peace of mind. I think this is true for the country also.

[Reporter] In a few minutes we are going to discuss economic matters.

[Pastrana] And politics too. [six-minute break for commercials]

[Arizmendi] Dr. Andres Pastrana is on "Caracol's 0600 to 0900" program today accompanied by his running mate in the second round of elections, Luis Fernando Ramirez.

Dr. Pastrana, what about televised debates? Are you prepared to debate Dr. Ernesto Samper face-to-face?

[Pastrana] Yes. I think there will be two debates. I am prepared for debates. I think they are good. We are open to them. I think they are healthy. The law, or a government decree, establishes that two debates should be held. I would like to see and the country wants a debate between the vice presidential candidates, between Dr. Luis Fernando Ramirez and Dr. De la Calle, because they have waged a biased campaign against Dr. Ramirez, and I think it is good that the people should get to know him. The people have started to get to know him in the short time during which he has been campaigning. The

people know about his experience and his abilities. I think the country should know about who might succeed Dr. Sotero or Dr. [words indistinct]. I think [words indistinct] until the country gets to know them too. I think that after the first debate between Dr. Samper and Andres [words indistinct].

[Arizmendi] But in addition to the two hours the state grants, there are also the opinion columns and time...

[Pastrana, interrupting] I think it is worthwhile to see these. I think there should be clear rules. I am prepared for that. I like them. We are prepared for that, Dario. I think this is important.

[Arizmendi] Fine. Now after having invited you, I will speak to Dr. Samper about a face-to-face program with you, and, of course, about a face-to-face between Dr. Luis Ramirez and Dr. Humberto De la Calle within eight days.

Here is another question, Dr. Andres Pastrana. What role will people like Fabio Valencia and Omar Yepes play in your government?

[Pastrana] Right now they are very important people who continue helping from the Senate. They are prohibited from holding any government post. They were elected and have served their regions. That is what we see in the election results. The electorate punishes those who do not give them or their regions possibilities for growth or development. I think the Valencia and Yepes voters have recognized their work and progress. If there is something that impresses me when I tour the country, it is seeing how grateful people are to those who have served their regions.

They and others will become very important actors from Congress. They have significant experience in Congress. With my Conservative and Liberal friends in Congress, with the independents in Congress, we will continue activities to push forward all those bills that are important to the country. Sometimes people wonder if the Liberals controlling Congress will block Pastrana, but I think not. I think Congress has changed. We have seen, in different laws and ways, that there is no room for partisan politics when it is a matter of laws that are important to Colombia. The Conservative and Liberal Parties do not [words indistinct] simply because it is a law submitted by a Liberal or ultrapartisan government, or a Conservative [words indistinct] all of Colombia is represented there. Rather, the entire Republic is not represented there because of the districts [words indistinct] it is truly sad it is called Congress or Senate of the Republic, and yet the Republic is not represented in the Senate of the Republic.

If I learned anything during the time I served in Congress, it is that lawmakers (?do think) of the country and work for Colombia. There are major amendments that [words indistinct] (?such) as the amendment to Law 100, and the [words indistinct] a consensus was reached and an amendment that was important for the country was approved.

[Reporter] [Words indistinct]

[Pastrana] Not when Congress works. If you look at what Congress has done, you see that it approved the law against kidnappings and the Social Security Reform Law. Important laws are being implemented. I cannot recall any of them offhand, but I think Congress has worked and must continue working in that fashion. I think Congress closes ranks when it knows what benefits the country. It is simply not going to block any law submitted by a particular government. Congress has a different view of the country. It is aware of its responsibility. It is aware that the image it must have before the people is one of work and service to the community. I think partisan aspects are often set aside to work for the country.

[Reporter] Commenting on the television debate and your encounter with candidate Samper, the consensus almost seems to be that if Samper did not win it, there was at least a tie, although you were expected to trounce him in that televised debate. Some feel this confirmed that newsmen know a little about everything but lack depth. You are a newsman. Andres Pastrana, you are being criticized for that, for your lack of experience and depth, lack of in-depth knownledge of economic topics, perhaps, and for not being mature because of your age, perhaps, since you are not as old as the other candidate. How do you respond?

[Pastrana] Honestly, the first thing I would say is that I am not an economist. I am aware of economic issues, and I approach them in a somewhat different manner. Just look at what came out of the debate. Samper Pizano wanted an economic debate. Yet the way things turned out, I was rated as good an economist as he was by the polls in the media. Where he said he was better than I was [words indistinct] however, polls conducted during those days by economists rated Dr. Samper and Andres Pastrana alike. Then, truthfully speaking now, I acknowledge that [words indistinct]. I believe, however, I was able to obtain the substance which is precisely where the country graded me as good an economist as he [words indistinct].

[Reporter] SEMANA magazine published a phrase related to some of your proposals which, in all honesty...

[Pastrana, interrupting] ... out of context, Edgar. If it is out of context, Edgar, you know I... [pauses]. You know I am a journalist. You are also a journalist and know that if something is published out of context it is very difficult, especially with just a minute to answer. If the entire sentence is not published, obviously this can be very misleading. If any article of the Constitution is not read in context, the article can be quite puzzling, as you correctly pointed out. Thus, I believe things must be read in their correct context, not simply read as isolated phrases. I believe this must also be taken into account.

[Reporter] Dr. Pastrana, what is your proposal for ending mandatory military service? In particular, what do you intend to do to end mandatory military service while financing a professional Armed Forces?

[Pastrana] Look, I personally believe that there are clear differences between Dr. Samper and me. I believe he stated on "Caracol's 0600 to 0900" newscast that he does not support an end to mandatory military service. I propose putting an end to mandatory military service. Little by little, the country must professionalize the Armed Forces. How are we going to do this? By investing, investing resources that will allow us to professionalize the Armed Forces. There are currently 23,000 professionals [words indistinct] Armed Forces by 11,000 additional men before the end of his term. It is being suggested that between now and the year 2000, we must find the resources to have 33,000 new policemen; of these, 23,000 will be for the urban areas and approximately 13,000 for the rural areas. I do not think the country should continue sacrificing its best men, the youth, by sending them to fight truly professionals. This is something that the country will have to sit down and think about. The country must decide whether these youths, just out of high school and with a few months of training, can be sent out to fight men with real experience. If the guerrillas do not show a will for peace, then the country will have to confront them with professionals and not with youths who are not qualified to fight them.

We plan to apply this to all sectors. In any case, Carlos, the younger generation must be offered the opportunity to get involved in some type of community service. It is not that the younger generation will develop without any type of responsibility. They must interact in their respective communities; they can participate in teaching programs or work in other community activities. I am not sure Carlos and Dario, if sometimes [words indistinct]. I believe they still have a lot to offer. I also believe that the young generation is willing to give a lot more. They are not interested in just standing around on street corners. I maintain that this is the direction in which we must orient the country. That is why I propose to move ahead little by little in progressively ending mandatory military service. Anyone who wants to participate in this program... [pauses] There might be those who would rather go through with their military service because they like it and believe it is the best way to serve the nation. I understand, however, the anguish Colombian mothers are experiencing knowing that they only have one child who is about to finish high school; they have no one else to help them, and their children are being sent to the jungle to get killed by those who are better trained.

[Reporter] Dr. Pastrana, it is time for us to take a break. We will be back soon. [six-minute break for commercials]

We continue our interview with Dr. Andres Pastrana Arango and Luis Fernando Ramirez. We now turn to economic issues.

Dr. Pastrana, it has been suggested that nowhere in your presidential platform are there clear indications of what your position with respect to wages actually is. Do you support increasing wages in general as a way of stimulating demand, thus encouraging productivity throughout the country?

[Pastrana] Let us start with the wage base. First, we have to return wages to their real value. What I have been proposing is that we must start looking after the basic staples basket. To accomplish this, we must bring inflation down. Wages must once again revert to their real value. The country cannot continue with the 18 and 20 percent wage increases we had in the last months of the previous year, the 22 percent rise in utility costs, and the 23 percent rise in gasoline prices in the first months of the year. What we currently have is that the wage increase obtained by Colombian workers during the first part of the year has been lost.

[Reporter] What would you do to break the circle?

[Pastrana] I believe the best way to do this would be by fighting inflation. We must channel efforts in this direction. Wages must return to normal levels. The government must implement an efficient spending program. Nearly [words indistinct] percent is a result of government spending. We must have some concepts straight. First, as stipulated by the Constitution, the Board of Directors of the Banco de la Republica is completely independent and is currently responsible for fighting inflation. But I believe that to a large extent, the government is also responsible for fighting inflation, and that commitment is reflected in controlling spending.

[Reporter] Would you cut public spending by increasing public investments?

[Pastrana] Exactly. What I have been proposing is a cut in public spending and to give priority attention to the deficit. What we see when we analyze Colombia's budget is, as I have been saying, that we have been going from insignificant project to insignificant project. At this stage of my campaign, I have a very select group of professionals working on how we can cut public spending, how we can select those projects that are important to the country and complete them. It is not a matter of simply earmarking resources to complete these projects. One of the biggest burdens we are currently confronting is that we spend nearly 20 years building highways. We transfer 1 billion [currency not specified] to one highway this year, and 2 billion the next year, and we spend 20 years doing the same thing over and over. If we exercise strict control over public expenditures, I believe we will begin to cut inflation. Most of all what we have to begin to control is the basic staples basket.

Dario, what are we currently confronting in the country? Most people are moonlighting because current wages are insufficient. They work by day and then go out at night to work for a couple more hours in order to make ends meet. That is why we plan to work very hard to defend the basic staple basket as well as to work on stopping

inflation. Other countries have been able to do it, and I am sure we can do it in Colombia.

[Reporter] Dr. Pastrana, I would like to comment on something you just said with respect to an increase in investments in public projects and citizens safety [words indistinct] to the Armed Forces, public projects, the justice system, housing, education and industrial development. If all this increases, this is once again an increase in public spending. Priority status goes to the Armed Forces, public projects, the justice system, public safety, and housing. In this respect, it will be very difficult to undertake significant social investments and control spending at the same time because spending will be directed at addressing social issues.

[Pastrana] That depends, since one portion of spending is simply earmarked for government operation and not for public investments. This is why I believe it is important to cut government spending and to give priority to investments...

[Reporter, interrupting] [words indistinct]

[Pastrana] Not exactly. I believe that what we have to look for is how to eliminate nonessential spending. If we do not invest where we have to, then invite the private sector because I believe... [pauses]. I will give some concrete examples of public investment.

I plan to build at least 5,000 km of roads, of which 750 km will be highways—what we know as four-lane highways—between the interior and the Atlantic and Pacific coasts. Whom do we plan to invite into these projects? The private sector. I also believe we must attract new revenues. We plan to invite the public sector to take part in road projects by way of a concession system. We also plan to pay for the new roads through a toll system. In the case I have just explained [words indistinct] improvements, building drainage systems.

We have received funds from the international banking system. There is nearly $110 million which would allow us to recover 150,000 productive hectares for the country. Overall, I believe we must strive for two things: 1) to prioritize spending to carry out the projects the country demands; and 2) to work hand in hand with the private sector. This is already being done. For example, part of the Santa Fe de Bogota-Vallavicencio highway is being completed through a concession system, and the other part is being built by the government, and the toll system will be managed by the private sector.

I believe significant resources will be managed... [pauses] for example, in terms of Decree 100, there are significant resources that will allow the completion of projects through pension funds. We already see this happening in the case of Chile and other Latin American countries that have sought investment abroad. I believe this can be done in Colombia, and I know we will be able to do it. We need the government to invest in social projects, hospitals, and so on, but we also need to work hand in hand with the private sector. There are important projects to be undertaken in the country, and we need to promote investments in order to complete the programs I am proposing.

[Arizmendi] Dr. Pastrana, you have said that workers' salaries [words indistinct]. If it were possible, or if you had to make the decision by the end of this year to readjust the workers' salaries, would you base the increases on last year's rate of inflation or on the projections of the rate of inflation of your first year in power?

[Pastrana] Salaries must be real. What [word indistinct] would it do if Cesar Augusto [not further identified] were to say: The Norwegian coach earns $70,000 after inflation? What really concerns me is that to speak of salaries means having to speak of inflation. We have to make sure that salaries have true value. Salaries can very well increase by 18 percent, which is the rate of inflation. What can we do, however, if the government and private sector are increasing the rates of public services by 22 percent? Why not seek a agreement?

I think both the government and private enterprise must say: If we reach an agreement, the government must then control the rates of public services. The private sector must then say: We will try to reach an agreement on salaries; let us try to recover the true value of salaries. It is not a matter of simply saying: Let us increase the rate of inflation because the government is [word indistinct] inflation. This is not fair to the Colombian people. If we start at 18 percent, the price of gasoline will have increased 22 percent by 1 January.

I think it is important to work toward giving real value to these salaries, enabling this money to again have value. Suppose that by the end of this administration we manage to reduce inflation. Now then, what does this mean, to lower inflation? Sometimes people do not understand what this is all about. We must reduce the cost of the average family shopping basket in order to help the people understand. Sometimes we talk in terms used by economists, but we must look after the pocketbooks of Colombians. We must take care of their money. Let us hope Colombians will say gasoline increased 5 percent [words indistinct] that their salaries once again have real value. We must not just talk about decreasing inflation, and then, a few days later, undermine that possibility.

[Reporter] Let us talk about coffee, Dr. Pastrana. The way things are right now, it seems the next government—a government which might be yours—will have to manage a bonanza or a mini-bonanza. We Colombians seldom take full advantage of our windfalls. When there is a bonanza, we do not know what to do with it, or, for example, we fail to pay higher prices to the coffee growers. Today, it is being said that if coffee growers are paid better prices, this will lead to inflation. What will your government do with the coffee growers if you are elected president of the Republic?

[Pastrana] I was listening to a news report that said the foreign trade minister [words indistinct]. As of right now, I would suggest that before the end of his administration, President Gaviria should adjust coffee prices. I would do that right now. I leave that possibility open. I am proposing an increase in the price of coffee.

[Reporter] But you feel Gaviria that should do it to prevent you from having...

[Pastrana, interrupting] If Gaviria does not do it, my first government action will be to increase the domestic price of coffee. At this moment, I am proposing a 10-percent increase. Conditions are right, and the market has responded accordingly. Today, we are talking about economic and market laws, but these are not being applied to the coffee growers. As of right now, I propose a 10-percent increase to President Gaviria so we can have it before the end of his administration. Also, if President Gaviria does not implement the increase I am proposing, my first government action will be to hike prices 10 percent so the domestic price of coffee will be about 145,000 pesos. I would do that immediately, but I think the president should do this before the end of his term.

[Reporter] Wouldn't this hike increase inflation?

[Pastrana] Not at all, because we are only paying for... [pauses] We need to reactivate the coffee economy. We have not done this yet. The unemployment rates in the coffee sector are reaching... [pauses] the other day I heard these rates had reached 18-20 percent. Here, you can see that Colombia has become bogged down. We need to generate employment again. We need to increase coffee production. I am worried that Colombia sometimes is left with the idea that coffee production could decline next year to somewhere around 9.5-10 million bags. Today, we are producing between 10.5 million and 11 million bags. The country needs 14 million bags to enable it to start competing in the international market. Today, we do not have that opportunity. We must make investments in our efforts to combat the coffee stalk-borer. The most serious problem is that we have nearly 30,000 hectares...

[Reporter, interrupting] Thirty percent.

[Pastrana, interrupting] Yes, 30 percent of the plantations are affected by the stalk-borer. The state must make investments. Therefore, I think we have to look into this. I say that coffee once saved Colombia, and now Colombians must save the coffee growers. There are 350,000 households that depend on coffee for their livelihoods. We must generate employment. More than 40,000 jobs have been lost because of stalk-borer problems. Sometimes, I say: Let us not talk about just generating new jobs. Why not start by defending the jobs we have? Where does unemployment in Colombia come from? Unemployment comes mainly from not protecting the farming sector. How can we think we have lost 40,000 jobs in the last [words indistinct] in the coffee farms? First, let us start by defending the jobs we have. Let us give Colombian workers the chance to earn more, the chance to have better salaries. Let us protect the area in which we have lost most of the jobs. We must help the coffee growers. Today, the coffee fund is in good shape; it has the resources, and I think it is a good idea to pay the coffee growers a 10-percent increase as of today, right at this moment.

[Arizmendi] Dr. Pastrana, inasmuch as you told us you have another commitment...

[Reporter, interrupting] You will have a hard time making it.

[Arizmendi] I would like to invite you cordially to a debate on economic issues here on "Caracol's 0600 to 0900" newscast with Dr. Ernesto Samper Pizano.

[Pastrana] On all of the issues? Why not talk about all of the issues? The country needs [words indistinct] political and social. We are ready for it, Dario, and we will be in touch. Perhaps, our campaign manager, Dr. Luis Alberto Morelo, will be able to... [pauses] and let us hope Dr. Humberto de la Calle will also be with us, together with Luis Hernando Ramirez.

[Arizmendi] Are you willing to go on television, also?

[Pastrana] Yes, we are willing. Naturally, this is now up to our advisers. We are willing to talk with them about all of the issues, and we will be able to explain things the way we have done today. We are willing to talk about economic and social issues, soccer, and all other kinds of issues. That is what the country is waiting for, and the country wants to hear our proposals.

[Arizmendi] Thank you very much for your visit. We also thank you, Dr. Luis Hernando Ramirez.

Liberal Candidate Samper Views Runoff Election

PA0206032094 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 1 Jun 94

[Telephone interview with Ernesto Samper, presidential candidate of the Liberal Party, by program host Dario Arizmendi in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast—live]

[Text] [Arizmendi] Last night EL ESPECTADOR and the "CMI Newscast" released the results of a poll, the first on Colombian voters' intentions for the runoff election. You have an 4-percent advantage; what does this tell you?

[Samper] I am very pleased with these results because they are the first figures to appear after Caracol's exit poll on election day. The poll clearly indicates the trend favors my candidacy for the runoff election; it also shows that the people who most likely voted for other candidates before have now decided to support my proposals. Obviously, then, I am very pleased with the results.

[Arizmendi] How should we interpret the statements you made yesterday? You said you would not accept any

bureaucratic alliances with any minority group, with those who managed to secure minor percentages, including Antonio Navarro Wolff's movement, Miguel Maza Marquez' political group, and so on.

[Samper] The whole intent behind a runoff election was never to have the process following the first election become some sort of bureaucratic free-for-all to see who could offer more to this or that candidate to form an alliance. I have a clear program with a strong social content, as the public already knows. Whoever wants to vote for my government program, be they Liberal supporters or otherwise, is more than welcome to do so.

I am not willing to sit down to a bureaucratic negotiation or to accept anyone asking me how much I am willing to offer to secure the support of any candidate from the first election; instead, I believe we should be thinking in more broad terms in Colombia. Colombia needs the ideals of the majority working on the more significant issues of its future. That is where I stand, and those who would like to accompany me are welcome to do so, but not in exchange for any kind of bureaucratic offering.

[Arizmendi] Does that mean you have ruled out any kind of talks with Antonio Navarro or Miguel Maza Marquez?

[Samper] All types of negotiations are ruled out. I can converse with anyone now but I am not going to become involved in any bureaucratic negotiations or agreements in order to allocate pieces of the government beforehand in exchange for support. I have, essentially, a liberal candidacy and there are other independent sectors that have joined us. I hope many other independent sectors decide to support the proposals I have made for Colombia. I also hope others decide to leave the mistaken road of abstentionism and actively participate. With their support, I am sure, as the poll indicates today, I can win the runoff election.

[Arizmendi] What political changes will you make as a strategy to secure the support of the Liberal Party members around the country?

[Samper] Although the Liberal movement responded well in the election—I have no major doubts about that—the truth is not all Liberals were summoned and not all Liberals voted in many regions.

During this second phase of the campaign, I am going to concentrate more convincingly on reaffirming the Liberal nature of the message I have been presenting: equality, tolerance, and social justice. Second, I am going to try and convince the independent sectors that ours is the better alternative.

The country wants to take the social leap I have proposed. It wants the government to concentrate on health, education, and employment. This is why I am convinced my message must get to those Liberals who can still support my name. I call on them now and on all those independent sectors, no matter what party, that are looking for the right alternatives to support me.

[Arizmendi] What is your position on radio and television debates with presidential candidate Andres Pastrana Arango and between the vice presidential candidates?

[Samper] I am sending Pastrana a letter today inviting him to use the two hours of television time provided by law to hold two debates on issues of national interest. The campaign organizers would jointly select the topics.

I believe Colombians want to see what differences there are between Pastrana and myself. I am convinced I have an alternative for Pastrana's proposals. Pastrana represents a conservative and respectable candidacy, given the nature of the party supporting him. He has several economic proposals that differ from mine. I represent, however, a liberal option that enjoys the support of independent sectors. If we expect the public to choose on election day, then I believe they have the right to know from what they have to choose. They have the right to know what their options are. One word says it all: election, and we must choose one of several options.

[Arizmendi] Andres Pastrana Arango was here at the main studios of Caracol Network yesterday. He agreed to appear on this program, "Caracol's 0600 to 0900" newscast, within the next few days for a debate with you on an open agenda. Would you accept this same invitation?

[Samper] Of course. I believe this stage of the campaign should be for Colombians to learn what makes each of us different from the other; that is why the Constitution establishes a runoff election. In that way, the people can vote on 19 June with a full knowledge of the two alternatives.

[Arizmendi] What does your security plan include exactly? You mentioned it yesterday outside an Immediate Attention Center in Bogota where there were a large number of citizens protesting against a gang of criminals who had spread fear throughout the capital.

[Samper] In addition to the country's problems with the guerrilla movements, there are also serious problems with the public security system, something which is true for Medellin and other cities as well as Santa fe de Bogota. Colombian cities have almost become the most unsafe in the world; this is why we have had a group of experts at campaign headquarters working on a civil protection bill for the past few months. That is what I presented in Santa Fe de Bogota yesterday, and I am on my way now to present it in Medellin. In essence, it states the following:

1. We have to increase the number of policemen on the force. Security will undoubtedly improve with more policemen; obviously, the police force must be more committed to the community and it must be a more moralized force. We must realize we cannot cover all of our cities with the current number of policemen.

2. We have to improve the communications network of the police force. A police force without a communication network is ineffective anywhere in the world; in addition, their communications network must extend even further to include other options. In Santa Fe de Bogota, for example, taxis have agreed to link their network with the police, making each cab a civilian patrol car. There are 10,000 taxi drivers with their eyes on the city.

3. We must create an elite police force to counter those crimes that hurt the community the most. Just as we have special forces for abductions and drug trafficking, we need a special force to fight rape, murder, and muggings.

4. The bill also proposes a restoral of penalties for certain activities. We propose penalizing actions that have nearly institutionalized juvenile delinquency. Given we can only arrest a juvenile for a crime involving more than 1 million pesos, these criminals have been vigilant in remaining below that ceiling, and they do as they please. We must restore the penalties for crimes such as these while including rehabilitation programs.

5. The proposed civil protection bill also provides for community involvement. If the community does not become involved in the problem, there is no way to effectively protect the cities. There are several new ways of organizing the community.

[Arizmendi] You said you are going to Medellin. The Liberal Party leaders, legislators, and political heads have issued a statement in which they ask you to reinstate the debate system in Antioquia Department to include acting senators, deputies, and council members; furthermore, they have asked that the Liberal Party's ideology and symbols be used more enterprisingly during this second phase of the campaign. What will your proposal or your response be to the Liberal Party's leaders in Antioquia Department?

[Samper] I am preparing that response now. I do believe we must make a more Liberal presentation of our message; after all, I am the candidate and a director of the Liberal Party, but I do not believe we should send that message out without any kind direction. We must make a commitment with Antioquia Department.

What are we going to do about insecurity in Medellin? How are we going to deal with unemployment in Medellin? They have one of the highest rates in the country. How can we provide Medellin and Antioquia Department in general with a modern infrastructure that will give them access to the Atlantic and Pacific Coasts? How will we go about completing the highway to Puerto Berrio? What plans do we have to save the education system in Antioquia Department? Antioquia Department was looked up to as a model for the country 10 years ago, and now they rank 22d in the student aptitude testing program; thus, this is not a matter of telling the Liberals to vote for the Liberal Party but, rather, for a Liberal proposal for Antioquia Department instead. That is precisely what I will present in Medellin today.

Ecuador

Deputies-Elect Discuss Work in Future Congress

Alliances Considered

94SM0356A Quito HOY in Spanish 4 May 94 p 5A

[Text] What alliances can be formed in the next Congress that will open on 10 August 1994? This seems to be the question the political parties that will be represented in Congress are already asking themselves. A question that, for the moment, has no answer. For some, the question involves electoral calculations for 1996, and for others, only a question of presence or leadership within Congress. Thus, each group has its own expectations. Some are interested in the presidency of the Congress, while others probably are not.

There exists a partisan thesis according to which the forces of the center left and the left join together for the purpose of isolating the Social Christians and the government parties. The MPD [Democratic Peoples Movement], the ID [Democratic Left], DP [Popular Democratic Party], PRE [Ecuadoran Roldosist Party], Ecuadoran Revolutionary Popular Action, CFP [Concentration of Popular Forces], Alfarist Radical Front, National Liberation Party, and the Socialist Party of Ecuador could join together, leaving aside the Social Christians and the government, so that the former will be "burned" by their association with the latter. Supporters of this thesis appear to be primarily certain leaders of ID and DP. This strategy, however, seems not to appeal to many, especially the people of the MPD.

Yesterday, Juan Jose Castello, leader of the now powerful MPD bloc, said he did not view an alliance with the DP as having great possibilities "due to the rightward leaning position adopted recently by the president of that party, Osvaldo Hurtado. If they want a congressional accord, they will have to change their positions" said Castello, who seemed yesterday rather contrary to entering any alliance.

For its part, the Social Christian Party (PSC) seems to be interested in forming an opposition bloc that would exclude the government and the center-left parties. The idea is to stigmatize the center-left parties as parties of the government. This is more or less the same tactic; everyone wants to place their rivals next to the discredited government.

For that reason, Jaime Nebot's party seems interested in seeking an alliance with the MPD, CFP, PRE, and the independents, placing Fernando Larrea in the Presidency of Congress. The PSC believes it is of no advantage to occupy the Presidency of Congress because it always imparts to the occupant the "repellant" odor of governmentalism.

This possibility, however, does not seem very likely either because of the intransigent position of the MPD, which would become the "starlet" of Congress. Castello

was very clear yesterday when he said he did not rule out the possibility of an arrangement with the Social Christians, "if and when they renounce their interest in privatization." That is the touchstone: privatization would align the Social Christians with the government, or it will not pass. The Social Christians are faced with a dilemma: either they support privatization in which they believe, and they appear to be allies of the government, or they take a position contrary to privatization, just to lend credibility to their opposition.

An MPD-PSC pact would appear to be asking the impossible, but nothing can be ruled out in politics. MPD voters, however, surely would not like to see their deputies reach an agreement with the greatest defenders of privatization.

There are also those who hope to form an opposition coalition called the "dignity" bloc. The idea, conceived by deputy-elect Frank Vargas, is that all of the left and left-center parties that have not been in government form a coalition, even knowing that they will not constitute a majority.

HOY has learned that Vargas wants to have talks with the leaders of the MPD, the Socialists, National Liberation, CFP, and other parties that have never been in power.

This possibility, however, also seems remote because it will be difficult to find deputies willing to enter the congressional fray, knowing that they will not be in the majority, which is the only way they can enter legislative commissions. What could be called macropolitics—that which is designed to find an alternative to presidential power—is faced with micropolitics, plagued by immediate interests, and which contemplates the possibility of present power. "A bird in the hand is worth two in the bush," several possible Vargas allies must be thinking, before supporting the remote and still uncertain chances of the general [Vargas].

These are all possibilities that are bandied about, ideas that circulate, but as yet there is nothing definite. A few more days will decide. For now, all that is certain is that no one wants to be the government's allies.

Consensus Urged

94SM0356B Quito EL COMERCIO in Spanish 7 May 94 p A-6

[Interview with deputies-elect Frank Vargas and Fabian Alarcon by Miguel Rivadeneira; place and date not given]

[Text] Substantive reforms will soon be formally proposed that will enable Congress to function more effectively after it opens on 10 August 1994.

To accomplish this, once the election results have been proclaimed the deputies-elect will have to meet informally to outline their working plans.

The subject of perspectives for the new Congress and for the country in general was examined by deputies-elect Frank Vargas of the Ecuadoran Revolutionary Popular Action and Fabian Alarcon of the Alfarist Radical Front while taking part in Radio Quito's program "Controversy," directed by Miguel Rivadeneira. Marco Flores of the Social Christian Party was also invited but did not attend.

Alarcon said that the new deputies-elect "cannot make mistakes this time and must salvage Congress' image by hard work."

He recognized that the people are unhappy and frustrated about political activities and legislation, and that urgent action is needed to remedy the situation.

Vargas also recognized a certain culpability on the part of politicians, but he said that they are not the only ones to blame, but the problem involves everyone, and therefore there is a responsibility to redeem Congress' work and actions for the benefit of the people.

[Rivadeneira] Frank Vargas, is it possible to change Congress, which has not responded to the needs of the people, and place it at the service of great national interests?

[Vargas] I believe that a moral decision is indispensable to put aside personal and group interests, and emotional considerations, forgetting for the moment the desertion of deputies who have become "independents." This is currently the case with 21 persons who have seriously damaged the image of the parties and Congress in the eyes of public opinion.

[Rivadeneira] Would not freedom of thought be restricted by party pressures on a deputy to act according to his leaders' wishes and not his conscience?

[Vargas] I believe it is important that there be maturity and conscience, or the people will make their demands heard that Congress keep their promises. The people can even request that someone be replaced if that person does not obey the popular mandate. For my part, I will be very reliable. I will never miss a meeting.

[Rivadeneira] Are these changes feasible and will Congress be disposed to cooperate in the process?

[Vargas] I am certain that the changes are feasible, and this is why it must not be undertaken lightly. I believe that today, more than ever, there should be a different attitude, of responsibility, of patriotism, of work, of reliability. In any case, legislation as well as oversight are fundamental for the country to come out of its crisis.

[Rivadeneira] Will General Vargas support the modernization that the current government has begun?

[Vargas] Nobody can oppose an improvement or a restructuring of the state because evolution demands it, but as it has been presented and is being carried out,

there is no modernization as such, but rather a consolidation of power that is very far from the country's collective and sovereign interests.

[Rivadeneira] Fabian Alarcon, how would you go about improving Congress' performance in the next two years?

[Alarcon] In the past two years Congress has touched bottom. The Congress has not made laws, nor has it exercised oversight, nor has it met any of its responsibilities. The Ecuadoran people sent a very clear message to the country, the politicians, and the parties on 1 May: it wants a change in attitudes at all levels of the state, and especially with regard to Congress.

[Rivadeneira] Is it possible to satisfy this popular demand and change attitudes in Congress?

[Alarcon] Yes, those attitudes can be changed. I remember that when I presided over Congress we worked intensively. About 180 proposed bills were drafted and 80 were passed into law, many of which were very important for the country. The work was performed with responsibility and discipline.

[Rivadeneira] Fabian Alarcon, to what do you attribute the change?

[Alarcon] Unfortunately, these past two years changed the face of what Congress had been, and this basically is because the government greatly interfered during that time, buying deputies of the various parties. Therefore, I believe that the government is responsible for what has happened in Congress during the past two years.

[Rivadeneira] What corrective actions must be taken to prevent Congress from continuing in this state of deterioration?

[Alarcon] The needs of Ecuadorans must be transformed into proposed laws. First, Congress must be made to work and to exercise self-discipline. Congress oversees everyone, but who oversees Congress?

[Rivadeneira] Fabian Alarcon, how can Congress be supervised?

[Alarcon] It has to be by self-supervision through laws. We will submit a proposed law that says a deputy who does no work is a deputy who gets no pay, that requires punctuality and regular attendance at the legislative commissions. If a nonperforming deputy maintains this attitude during a succeeding month he will be sent home, with the people's approval.

[Rivadeneira] What about the independent deputies?

[Alarcon] As for the famous "independent" deputies, a law should be passed to the effect that deputies who disaffiliate or who are expelled from their parties will automatically cease to be deputies, out of a sense of political morality. Finally, I propose that we deputies-elect start to work along broad guidelines, on legislation, as well as on oversight matters, to be able to go to work right away on 10 August so that the country can see a new image of Congress.

[Rivadeneira] Fabian Alarcon, will you support the changes the country needs and the process of modernization that the government is carrying out?

[Alarcon] No one can be opposed to change and modernization, which are necessary. However, as it has been presented, one must ask where the change is headed. If it is to consolidate the privileges of the few, we are absolutely opposed to modernization. If it is to benefit the vast majority, we are for it. Unfortunately, the government is confusing modernization with privatization.

Roundup of Economic Developments

PA0106041894

[Editorial Report] The following is a compilation of reports on economic developments monitored through 31 May.

Augusto de la Torre, the director of the Central Bank of Ecuador, has described the tentative agreement reached with foreign banks to renegotiate the country's foreign commercial debt as "positive." De la Torre said he hopes other banks will soon express their support for this agreement. (Quito Voz de los Andes in Spanish 2300 GMT 26 May 94)

Monetary policy chief Ana Lucia Armijo has said that in June, the Ecuadoran Government will renegotiate its debt with the Paris Club. (Quito Voz de los Andes in Spanish 2300 GMT 27 May 94)

Peru

Most Huallaga SL 'Terrorists' 'Eradicated'

PY0206004994

[Editorial Report] Lima EL PERUANO in Spanish on 18 May, pages A6-A7, carries an approximately 1,300 word unattributed report on the results of the "Aries" antiterrorist operation against Shining Path [SL] groups that began on 5 April in Huanuco, Leoncio Prado Province, which had become a narcoterrorist center.

The Huallaga Front command and the Armed Forces Joint command stepped up actions to destroy the most radical and bloodthirsty Shining Path groups, namely the Peoples Guerrilla Army which basically comprises the "Mar Rojo"—which has 300 members divided into three or more companies—and the "Fuerza Local" battalions.

At the start of the operation there were 250 "terrorists" hiding in Huallaga, armed with North Korean AKM machine guns and RPG grenade launchers supplied by drug traffickers. Some repentant SL members said the

"terrorists" had occupied some villages and formed "defense committees" using peasants as guides and shields.

Troops were dropped by helicopter a few kilometers from the SL groups so as to take them by surprise. The theater of operations includes the rural areas of Jose Crespo y Castillo and Rupa Rupa in Leoncio Prado. Pamphlets persuading named "terrorists" to surrender were distributed in nearby villages. Although this initiative did not persuade any SL leaders to surrender it encouraged civilians who for years have been forced to cooperate with the "terrorists" to hand themselves in.

Operations in the Huallaga Front this year have so far encouraged 500 "terrorists" to benefit from the repentance law, while another 2,500 are currently in the process of doing so.

The controversy stirred up by the Aries operation due to alleged human rights violations hindered the operation for six days, thus allowing the "terrorists" to regroup and escape the security forces cordon. One of the main leaders to flee was Jose Picon Hilario, aka El Manco, who recently murdered two government officials in Pucayacu.

The Army has recovered many zones that were under SL dominance. For example the town of Bella, which was under SL dominance for the past 10 years, was recovered by security forces in September 1992. Since January, following the last SL attack that resulted in the death of 25 of its 300 inhabitants, Bella has not experienced any acts of violence. The same goes for Aucayacu, Naranjillo, Madre Mia, Uchiza, and Cueva de las Lechuzas, etc.

The SL has lost the corridor through Chiquian, the capital of Bolognesi Province, that was used by the "terrorists" to go from Huanuco to Pativilca.

Some 80 percent of the "terrorists" have been "eradicated" from Huallaga and the days are numbered for the remaining 20 percent in the Cuchara, Primavera, and Yanajanca regions, and a new region that includes the Quillaymarca River bank and Santa Marta in Maranon Province.

SL Armed Strike Called 'Total Failure'

PY0206005994

[Editorial Report] Lima LA REPUBLICA in Spanish on 18 May 1994, pages 16 and 17, carries a 1700-word article dated 17 May by Eladio Arcaya who evaluates the armed strike ordered by the Shining Path, SL, to commemorate the 14th anniversary of its first "terrorist" action.

For the first time in 14 years, the people of the Upper Huallaga region did not obey the armed strike ordered by the SL. They went about their business as usual in the midst of an impressive deployment of combined police and Army security forces along the Marginal highway from Tingo Maria to Aucayacu. Officials ordered a curfew in Pucayacu from 2100 to 0600 after four people were murdered on 15 May by an SL unit that looted the town, taking food and medicine. The SL unit came from Upper Pucayacu where it has a camp. A military patrol with help from the population cleaned "subversive" slogans from the walls in Madre Mia.

The peasants no longer fear the armed strike and went to work the land. Others opened their businesses, took their children to school, and carried out their normal activities like any other day.

Lima LA REPUBLICA in Spanish on 18 May 1994, page 17, carries an unattributed 800-word article on the "total failure" of the SL armed strike ordered in Lima. The people paid no attention to the call and went to work as usual. Despite some cuts in the public transportation system because bus owners wanted to protect their units early in the morning, most Lima residents managed to get to work. Police and Army units patrolled roads and highways. Some "subversives" managed only to throw a few firecrackers. Security forces captured five "subversives" and confiscated weapons and explosives. In the San Juan de Lurigancho district, the Army provided buses to take passangers to the university campus. Early on the morning of 17 May a bomb exploded at the Interbanc branch in the San Martin de Porres district. On the same day at 1400, policemen of the Pachacutec Police Post arrested three alleged "terrorists" who reportedly murdered a woman who was selling fruit in the market of San Juan de Miraflores. The police found two 9-mm Browning pistols in their posession.

Venezuela

Haiti Refugees To Be Accepted for 'Short Period'

PA0106212594 Caracas EL DIARIO DE CARACAS in Spanish 1 Jun 94 p 25

[Text] Unofficial sources have informed EL DIARIO DE CARACAS that Venezuela is willing to accept a small number of Haitians who meet political refugee requirements for a short period of time until the UN High Commissioner for Refugees (UNHCR) finds another country in which they can reside permanently.

The Haitian issue will be included on the agenda for talks that will be held in Caracas with U.S. Under Secretary of State Strobe Talbott. The sources also stressed that the United States has tried on several occasions to convince the Venezuelan Government to accept Haitian refugees. The UNHCR also has been negotiating directly with Venezuela on the issue, and Venezuela has replied that it is willing to grant temporary asylum because of the unique situation Haiti is now experiencing.

Talbott will arrive in Venezuela on the evening of 2 June with a delegation that will include Alexander Watson, assistant U.S. secretary of state for inter-American

affairs. Meanwhile, U.S. Ambassador to Venezuela Jeffrey Davidow said: "Venezuela is the only Latin American country that is member of the Friends of Haiti group. Venezuela has always played an important role in the fight to return democracy to the island."

The agenda of the Americas Summit, which will be held in Miami later this year, is another important issue that will be discussed. Unofficial sources noted that the Unites States is interested in proposing a "good government" policy; in other words, it wants to propose a fight against corruption.

President Reinstates Economic Guarantees

PA0106175694 Madrid EFE in Spanish 1622 GMT 1 Jun 94

[Text] Caracas, 1 Jun (EFE)—Venezuelan President Rafael Caldera announced today that the economic guarantees established in the Venezuelan constitution have been reinstated.

Caldera, who took over on 2 February, had suspended economic guarantees in order to implement several measures to reorganize the Venezuelan economy. The reestablishment of economic guarantees is one of the petitions that had been made by Venezuelan entrepreneurs to the Christian Democratic president.

Finance Minister Lauds Restoration

PA0206005694 Caracas Union Radio Network in Spanish 2200 GMT 1 Jun 94

[Report by Vicente Briceno from Miraflores Palace in Caracas; from the "Union Radio News" newscast]

[Text] As is known, the president of the Republic, in full use of his legislative powers, on 28 February decided to suspend economic guarantees nationwide. Today, however, following an end to the problems that prompted the suspension, President Caldera decided to reinstate these guarantees at a cabinet meeting.

According to Finance Minister Julio Sosa Rodriguez, once taxes on luxury goods and wholesale transactions were enacted, the continued suspension of economic guarantees was no longer justifiable. In turn, President Caldera decided to fulfill his promise to rescind the suspension soon after these two taxes were promulgated.

[Begin Sosa recording] The reinstatement of economic guarantees is not that significant in and of itself, because Venezuelans survived without such guarantees for 30 years. Nevertheless, this action is significant because it proves to various economic sectors that they can maintain confidence in the government's promises and its deeds. The government said it was going to do something, and it followed through on its promise. I believe this move has enormous significance. [end recording]

Sosa also expressed confidence that the dollar might fall below 150 bolivares. Sosa added that he hopes the psychological effects that triggered a rise in the price of the dollar will come to an end and, in turn, prompt the stabilization of the foreign exchange market.

Sosa said that as a result of his recent trip to the United States, delegations from the Inter-American Development Bank [IDB], World Bank, and IMF will soon visit Venezuela. He also indicated that IDB representatives will assist the government in planning a very important social housing program. The World Bank delegation will arrive in Venezuela on 13 June to consult with Venezuelan officials on the financial crisis. The IMF delegation will examine fiscal problems projected to occur within the 1994-1996 period.

Resignation of Economic Reform Minister Confirmed

PA0206034894 Caracas Union Radio Network in Spanish 1100 GMT 1 Jun 94

[Report by Vicente Briceno; from the "Union Radio News" newscast]

[Text] Guillermo Alvarez Bajares, Central Information Office [OCI] director, has confirmed the resignation of Asdrubal Batista from the post of economic reform minister.

[Briceno] OCI Director Guillermo Alvarez Bajares has provided the information but declined to comment on the reasons that prompted Batista to resign, as contained in a letter addressed to President Rafael Caldera. Alvarez has said the president will not appoint a new minister for this portfolio, and he dismissed the possibility that Batista's resignation reflects a serious crisis within the economic cabinet. He contradicted himself in this regard when he said there were differences of opinion with the former head of the Reform of the National Economy Ministry.

[Begin Alvarez recording] It is clear, and you have cited the fact on many occasions, certain differences within the economic cabinet emerged some weeks ago; this is something one cannot hide. As I said at the beginning, we have sought to help in this way to make the president and the economic cabinet demonstrate to the country a coherence greater than the one they have been exhibiting thus far. This conflicts with the differences that have caused some damage to the image of the country in terms of image and opinion. [end recording]

Interior Minister Comments on Gun Controls

PA0206030094 Caracas Union Radio Network in Spanish 2200 GMT 31 May 94

[Report by Maria Lilibeth Da Corte from the "Union Radio News" newscast]

[Text] Interior Minister Ramon Escovar has embarked on a campaign to reform the Interior Ministry—a campaign that includes the restriction of gun licenses, the

elimination of certain permits, and the recovery of illegal weapons, as well as a crusade to train citizens on bearing arms.

[Begin recording] [Escovar] We want to expedite the issuance of gun licenses, remove middlemen from the process of issuing them, and make people pay what the law stipulates, instead of paying for bribes, which trigger illegal gunrunning in the country. In other words, we want to moralize the Interior Ministry's services, as well as increase its control. The Interior Ministry must control this issue. No other Venezuelan authority can issue gun licenses. This is what the law stipulates, and the law must be enforced.

[Da Corte] Would you please explain to us why the population should see the issuance of gun licenses as something that has gone awry? Those who want to bear arms should be able to. This does not necessarily mean people are going to start killing one another.

[Escovar] Of course not. Those who have gun licenses do not kill; usually it is only those who lack gun licenses. On the other hand, the legal and peaceful use of arms is a discipline that must be taught to the people; it is part of public education campaigns. It is also part of democracy, but so far we have failed to accomplish this goal. Therefore, we must strive to accomplish it. In a national emergency, we cannot let peaceful citizens go unarmed while criminals and thieves are armed. [end recording]

The head of the Interior Ministry also listed some measures that will be adopted shortly, including the expediting of the issuance of gun licenses and removing middlemen from the process of obtaining gun licenses, as well as exerting effective control on the issuance of gun licenses.